Supreme Court, U.S.

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No. 98-

IN THE

Supreme Court of the United States

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC.,

Petitioner,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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120 pp

QUESTIONS PRESENTED

Petitioner Ringling Bros. and Barnum & Bailey Circus brought this action under the Federal Trademark Dilution Act of 1995 (FTDA) to protect its famous mark, "THE GREATEST SHOW ON EARTH." The FTDA amended the Lanham Act to provide nationwide protection for famous trademarks against "dilution." The FTDA defines "dilution" as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of . . . likelihood of confusion, mistake or deception." 15 U.S.C. § 1127. The questions presented are:

1. Whether the owner of a famous mark is precluded from obtaining injunctive relief under the FTDA unless it can prove that the defendant's use of a mark has already caused "actual economic harm" to the famous mark's "selling power."

2. Whether the owner of a famous mark is entitled to a monetary award under the FTDA (and therefore entitled to a jury trial under the Seventh Amendment) only if it can produce evidence that the defendant intended to cause actual economic harm to the famous mark.

PARTIES TO THE PROCEEDING AND RULE 29.6 LISTING

All parties to this proceeding are listed in the caption of the case. Petitioner Ringling Bros.-Barnum and Bailey Combined Shows, Inc. is a wholly-owned subsidiary of Feld Entertainment, Inc. Petitioner has no non-wholly-owned subsidiaries.

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OPINIONS BELOW

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JURISDICTION

The judgment of the court of appeals was entered on March 16, 1999. App., *infra*, 1a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Section 43(c)(1) of the Lanham Act, 15 U.S.C. § 1125(c)(1) (1998), provides:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . . .

Section 45 of the Lanham Act, 15 U.S.C. § 1127, provides in part:

> The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of –
>
> (1) competition between the owner of the famous mark and other parties, or
>
> (2) likelihood of confusion, mistake, or deception.

STATEMENT

This case presents a question that is fundamental to the meaning and effect of an important federal trademark statute, the Federal Trademark Dilution Act of 1995 (FTDA), Pub. L. No. 104-98, 109 Stat. 985. Congress enacted the FTDA to provide additional protection to "famous" trademarks, over and above the protection against infringement already provided by the Lanham Act. In this case, the Fourth Circuit adopted a "concededly stringent" interpretation of the statutory definition of trademark dilution that, in the Fourth Circuit's own words, "surely does not leap fully and immediately from the statutory text." App., *infra*, 7a, 19a. The Fourth Circuit's interpretation effectively nullifies the FTDA by requiring owners of famous marks to prove "actual economic harm" to the famous mark as a precondition for obtaining injunctive relief under the FTDA.

The Fourth Circuit's decision conflicts sharply with decisions of other courts of appeals that do not require proof of actual economic harm as an element of dilution under the FTDA. The Fourth Circuit's decision is also contrary to the language and purpose of the Act, which was intended to prevent the "whittling away" of the distinctiveness of famous marks, a process that gradually destroys the value of a famous mark but typically does not cause immediate, provable economic injury. In addition, the Fourth Circuit's decision conflicts with the principle that actual economic harm is not an element of a trademark violation under the Lanham Act, as well as the equitable principle that injunctive relief is designed to prevent harm before it occurs. For these reasons, the decision of the Fourth Circuit merits review by this Court.

Trademark Protection Under the Lanham Act. The Trademark Act of 1946, commonly known as the Lanham Act, "was intended to make 'actionable the deceptive and misleading use of marks' and 'to protect

persons engaged in . . . commerce against unfair competition.'" *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767-68 (1992) (*quoting* Lanham Act § 45, 15 U.S.C. § 1127). The Lanham Act defines a "trademark" as "'any word, name, symbol, or device, or any combination thereof' used by any person 'to identify and distinguish his or her goods . . . from those manufactured or sold by others, and to indicate the source of the goods.'" *Id.* at 768 (*quoting* Lanham Act § 45, 15 U.S.C. § 1127).[1] The remedies available under the Lanham Act include injunctive relief, damages, and an accounting of the infringer's profits. Lanham Act §§ 35(a), 15 U.S.C. 1117(a).

To show trademark infringement in violation of the Lanham Act, a trademark owner must prove that unauthorized use of its mark, or a similar mark, is likely to cause consumer confusion or mistake, or to deceive consumers as to the source or sponsorship of the goods. *See Two Pesos*, 505 U.S. at 769 (trademark infringement "requires proof of the likelihood of confusion"); *see also* Lanham Act § 45, 15 U.S.C. § 1127 (same). Indeed, likelihood of confusion is "the touchstone of trademark infringement as well as unfair competition." 3 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 23:1 (4th ed. 1999).

Protection From Trademark Dilution Under State Law. The requirement that a plaintiff prove likelihood of confusion frequently limited trademark protection under the Lanham Act to cases involving directly competing or related

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[1] The Lanham Act also protects "service mark[s]," which are defined as including "any word name, symbol, or device, or any combination thereof . . . used . . . to identify and distinguish . . . services." Lanham Act § 45, 15 U.S.C. § 1127. In this petition, the term "marks" refers to both trademarks and service marks.

products or services. It was recognized, however, that owners of famous marks confront situations in which producers of unrelated products or services use their famous marks or very similar marks. While these uses do not necessarily cause confusion as to the source of the products or services, they reduce the distinctiveness of the famous marks by virtue of the fact that they are no longer exclusive. "Accordingly, it was urged that legal protection was appropriate to protect against the 'gradual whittling away or dispersion of the identity and hold upon the public mind of the mark by its use upon non-competing goods.'" *Restatement (Third) of Unfair Competition* § 25 cmt. b (1995), (*quoting* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 825 (1927)).

In response to this problem, the States (beginning with Massachusetts in 1947) began to enact laws designed to provide the owners of famous trademarks with protection against loss of distinctiveness in the absence of the likelihood of confusion required to establish infringement. These "anti-dilution" statutes were intended to give the owners of famous marks the right to enjoin the use by others of their marks (or similar marks) without regard to similarity of products or services or the need to prove likelihood of confusion. *See Restatement (Third) of Unfair Competition* § 25 cmt b.

In 1977, the New York Court of Appeals issued an influential decision recognizing the need for protection against the "cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name." *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 369 N.E.2d 1162, 1165 (N.Y. 1977); *see also Restatement (Third) of Unfair Competition* § 25 cmt. b (1995). By 1996, slightly more than half the States recognized a cause of action for trademark dilution.

State law recognizes dilution when consumers "make a mental connection between the plaintiff's mark and the designation used by the defendant"; the "harm at issue is a blurring of the mental associations evoked by the mark." *Restatement (Third) of Unfair Competition* § 25 cmt f. Accordingly, judicial decisions applying state dilution statutes have not required the plaintiff to prove actual economic harm. *See, e.g., Polaroid Corp. v. Polaraid, Inc.*, 319 F.2d 830, 836 (7th Cir. 1963) ("The gravamen of a dilution complaint is that the continuous use of a mark similar to plaintiff's works an inexorably adverse effect upon the distinctiveness of the plaintiff's mark.") (internal quotation and citation omitted); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 484 (7th Cir. 1988) ("underlying premise of the anti-dilution doctrine" is that dilution is "unlike the immediate, and often measurable, injury caused by confusion").

The Federal Trademark Dilution Act. Because only about half the States had enacted trademark dilution laws, Congress considered enactment of a federal dilution statute to afford uniform protection on a national basis to owners of famous marks. Several years of deliberation culminated in enactment of the FTDA, which amended the Lanham Act to provide that

> [t]he owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.

Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1). Congress defined "dilution" as

> the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—
>
> (1) competition between the owner of the famous mark and other parties, or
>
> (2) likelihood of confusion, mistake or deception.

Lanham Act § 45, 15 U.S.C. § 1127.

Protection against trademark dilution under the FTDA applies only to "famous" marks.[2] The remedy for dilution is limited to an injunction "unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." Lanham Act § 43(c)(2), 15 U.S.C. § 1125(c)(2). In that event, the plaintiff may receive "the remedies set forth in sections 35(a) and 36" of the Lanham Act, 15 U.S.C. §§ 1117(a), 1118, which include damages and an accounting of the defendant's profits, "subject to the discretion of the court and the principles of equity." *Id.*

Congress enacted the FTDA based on its determination that "[a] federal dilution statute is necessary because famous marks ordinarily are used on a nationwide basis and dilution protection is currently only available on a patch-quilt system of protection, in that only approximately 25 states have laws that prohibit trademark dilution." H.R. Rep. No. 104-374, at 3 (1995). The legislative report that accompanied the FTDA shows that Congress's definition of "dilution" drew on the existing body of case law applying state dilution statutes.

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[2] The Act includes a non-exhaustive list of eight factors that a court may consider in determining whether a mark is famous. *See* Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1).

First, the Report states that federal protection against trademark dilution "applies when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular." *Id.* The Report quotes directly from a decision applying state dilution law to explain the difference between dilution and infringement:

> Dilution is an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.

Id. (*quoting Mortellito v. Nina of California, Inc.*, 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972)).

Second, the Report provides examples of trademark dilution drawn from the legislative history of the New York dilution statute: "the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under this legislation."[3] *Third*, the Report states that the definition of dilution in the FTDA "is designed to encompass all forms of dilution recognized by the courts" applying state law. *Id.* at 8. *Fourth*, the Report states that "it is to be expected that a federal dilution statute should . . . coexist with state dilution law." *Id.* at 4.

"THE GREATEST SHOW ON EARTH" Mark. For 127 years, Petitioner and its predecessors in interest have continuously offered a Circus to the public under the mark

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[3] *See Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983) (discussing New York law).

THE GREATEST SHOW ON EARTH. P.T. Barnum's Circus began using the mark in 1872. In 1919, Ringling Circus and Barnum & Bailey Circus merged to form Ringling Bros. and Barnum & Bailey Circus. Petitioner is the owner of the service mark THE GREATEST SHOW ON EARTH, which bears U.S. Registration No. 724,946, as well as other related registrations. App., *infra*, 38a.

Millions of people attend Petitioner's Circus each year. Annual revenues derived from goods and services bearing or using THE GREATEST SHOW ON EARTH mark exceed $100 million. Petitioner spends millions of dollars each year on advertising using THE GREATEST SHOW ON EARTH mark. As a result of Petitioner's efforts, in a recent year more than 70 million people were exposed to more than 6.5 billion impressions of the mark. App., *infra*, 39a-41a.

"THE GREATEST SNOW ON EARTH" Mark. Respondent has used THE GREATEST SNOW ON EARTH mark to promote winter tourism in Utah. Respondent has used THE GREATEST SNOW ON EARTH on consumer goods such as t-shirts and baseball caps, as well as on ski vacation planners, media kits, and in magazine and television advertisements. C.A. App. 68a-75a. In 1997, the U.S. Patent and Trademark Office ruled that it lacked authority to deny Respondent's application to register THE GREATEST SNOW ON EARTH mark on the ground that it diluted Petitioner's mark. App., *infra*, 42a-43a.

Proceedings in the District Court. Petitioner brought this action in 1996 in the district court alleging that Respondent's use of THE GREATEST SNOW ON EARTH mark diluted THE GREATEST SHOW ON EARTH mark in

violation of the FTDA.[4] Following a bench trial, the court entered judgment for Respondent. App., *infra*, 37a-68a.[5]

Prior to the trial, the district court ruled that the FTDA, by its plain language, protects famous marks against use of similar marks as well as use of the famous marks themselves. App., *infra*, 85a-93a. The court also denied Petitioner's request for a jury trial. *Id.* at 69a-84a. The court held that Respondent was entitled to summary judgment on the question whether it had acted with "willful intent" to dilute Petitioner's mark. The court reasoned that "a trademark owner showing dilution, but not willful intention to dilute, will have only the right to an injunction, an entirely equitable remedy. And where only an injunction is available to remedy dilution, the Seventh Amendment does not compel a jury trial." *Id.* at 78a.

On the merits of Petitioner's dilution claim, the district court concluded that "the facts reflect, and Utah does not contest, that Ringling has demonstrated the first two elements of a dilution claim, namely that Ringling's mark, THE GREATEST SHOW ON EARTH, is a famous mark

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[4] Because Utah has not enacted a dilution statute, Petitioner had no cause of action for dilution prior to enactment of the FTDA and thus could not seek injunctive relief against Respondent's use of its mark until 1996.

[5] The district court found that the Utah Division of Travel Development is a state agency. App., *infra*, 42a. This Court has granted certiorari in *College Savings Board v. Florida Prepaid Postsecondary Education Expense Board*, 131 F.3d 353, *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149), to decide whether the Eleventh Amendment bars a suit in federal court against a State for false advertising in violation of the Lanham Act. Respondent has not asserted Eleventh Amendment immunity, and the Eleventh Amendment issue need not be considered by the Court *sua sponte*. *Patsy v. Board of Regents of Florida*, 457 U.S. 496, 516 n.19 (1982).

and that Utah's mark was adopted after THE GREATEST SHOW ON EARTH became famous." App., *infra*, 47a. The outcome thus turned on "the third element, whether Utah's mark dilutes or has diluted Ringling's mark." *Id.* The court answered this question in the negative, holding that Petitioner had not proved that Respondent's use of its junior mark caused actual economic harm to the selling power of Petitioner's famous mark. *Id.* at 55a.

The court held that Petitioner's survey evidence was insufficient to prove dilution under the court's interpretation of that term. App., *infra*, 55a-59a. The survey demonstrated a marked difference between consumer perceptions outside Utah, where THE GREATEST SNOW ON EARTH has not been used extensively, and consumer perceptions inside Utah, where THE GREATEST SNOW ON EARTH has been used extensively. Outside Utah, 45% of the survey respondents completed the statement THE GREATEST _____ ON EARTH with the word SHOW and associated the completed statement with Petitioner's Circus. Fewer than 0.5% of respondents outside Utah completed the statement with the word SNOW and associated the completed statement with Utah. Inside Utah, in contrast, 25% of respondents completed the statement THE GREATEST _____ ON EARTH only with the word SHOW and associated the completed statement with the Circus. Nearly the same percentage (24%) completed the statement only with the word SNOW and associated the statement with Utah. An additional 21% of respondents completed the statement with both SHOW and SNOW when asked if they could complete the statement in more than one way.[6]

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[6] Of the survey respondents in Utah who completed the statement with both "SHOW" and "SNOW," about 55% gave "SHOW" as their first answer, and about 45% gave "SNOW" as their first (...continued)

Petitioner's expert concluded that the difference between consumer perceptions inside and outside Utah constitutes "extremely strong evidence that Utah's campaign has seriously diluted the previously unique association of this well known trademark with the circus." In concluding that this evidence was insufficient to show dilution, the district court emphasized that consumers in Utah have not stopped associating THE GREATEST SHOW ON EARTH mark with Petitioner's Circus, and that virtually none of the consumers surveyed confused the two marks. App., *infra*, 59a. The court found the absence of confusion to be conclusive in view of its belief that "confusion [of the senior and junior marks] is indeed inherent in blurring dilution."[7] *Id.* at 52a.

As an alternate ground for its holding, the district court applied the six-factor balancing analysis set out in Judge Sweet's concurring opinion in *Mead Data Central, Inc. v. Toyota Motor Sales U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989), a case decided under New York's dilution law. App., *infra*, 59a-67a. The court concluded that analysis of the "Sweet factors" also leads to the conclusion that Petitioner is not entitled to relief under the FTDA.

Proceedings in the Court of Appeals. The court of appeals (*Phillips*, Wilkins, and Thornburg, JJ.) affirmed.

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answer. *See* R02558-64, R02591-610, R02644-66, R02679, R02711.

[7] Dilution by "blurring" occurs when the plaintiff's famous mark, or a similar mark, is used by the defendant to identify a different source on different goods or services. As a result, "[t]he unique and distinctive significance of the mark to identify and distinguish one source may be diluted and weakened." 4 McCarthy, *supra*, § 24:94. Another form of dilution, known as "tarnishment," occurs when the plaintiff's mark suffers negative associations through defendant's use. *Id.* § 24:95.

App., *infra*, 1a-36a. The court acknowledged that it was adopting a "concededly . . . stringent" interpretation of dilution that "surely does not leap fully and immediately from the statutory text." *Id.* at 7a, 19a. The court also recognized that its interpretation "confines the federal dilution claim to a more narrow scope than that generally now accorded by courts to state-law dilution claims." *Id.* at 19a. The court of appeals nevertheless held that the FTDA requires the owner of a famous senior mark to prove that the junior mark is "sufficiently similar to the famous mark to evoke in a relevant universe of consumers a mental association of the two" marks *and* that the mental association has caused "actual economic harm to the famous mark's economic value by lessening its former selling power." *Id.* at 26a. The court of appeals cited no prior judicial decision in support of its conclusion that actual economic harm is an element of trademark dilution. In applying this new standard to Petitioner, the court of appeals accepted as dispositive the district court's finding that Petitioner did not offer adequate proof that Respondent's use of its junior mark caused actual economic harm to the famous mark's selling power. *Id.* at 29a.

The court of appeals recognized that it should avoid interpreting the Act in a way that renders it "a vain legislative deed." App., *infra*, 32a. But the court concluded that proving actual economic harm to a famous mark, although difficult, "cannot be considered impossible." *Id.* at 33a.[8]

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[8] Although the court of appeals affirmed the district court's judgment, it rejected the district court's application of the Sweet factors, holding that those factors are "by and large . . . not appropriate for assessing a claim under the federal Act." App., *infra*, 31a.

The court of appeals affirmed the district court's denial of Ringling's request for a jury trial. It agreed with the district court that Petitioner was not entitled to a jury trial absent evidence that Respondent acted with willful intent to dilute Petitioner's mark, and affirmed the district court's entry of summary judgment for Respondent on the willful intent issue. App. *infra*, 33a-36a.

REASONS WHY THE PETITION SHOULD BE GRANTED

I. THE FOURTH CIRCUIT'S HOLDING THAT TRADEMARK OWNERS MUST PROVE ACTUAL ECONOMIC HARM TO OBTAIN RELIEF UNDER THE FTDA CONFLICTS WITH DECISIONS OF OTHER FEDERAL COURTS OF APPEALS.

The Fourth Circuit's decision in this case holds that the owner of a famous trademark is not entitled to any protection under the FTDA unless it can prove that the defendant has caused "actual economic harm to the famous mark's economic value by lessening its former selling power." App., *infra*, 26a. This "concededly . . . stringent interpretation of 'dilution,'" *id.* at 19a, plainly conflicts with decisions of the First, Third, Eighth, and Ninth Circuits.

In *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998), the First Circuit expressly rejected, *by direct quotation*, the standard applied in this case. The standard applied by the district court in *I.P. Lund* was lifted verbatim from the district court's decision in this case: to show dilution under the FTDA, the plaintiff must "demonstrate that 'the use of a junior mark has caused a lessening of demand for the product or services bearing the famous mark.'" *Id.* at 49 (*quoting I.P. Lund v. Kohler Co.*, 11 F. Supp. 2d 112, 126 (D. Mass. 1998), *quoting, in turn, Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*,

955 F. Supp. 605, 616 (E.D. Va. 1997)). The First Circuit flatly rejected this standard, stating: "This, we think, is not the correct standard." *I.P. Lund,* 163 F.3d at 49.

The First Circuit's decision plainly conflicts not only with the district court's decision in this case, but also with the Fourth Circuit's subsequent decision affirming the district court. The Fourth Circuit "agree[d] with the district court that to establish dilution of a famous mark under the federal Act requires proof [of] . . . actual economic harm to the famous mark's economic value by lessening its former selling power," and that the "most obvious[]" way of proving "actual, consummated" economic harm is to show an "actual loss of revenues." *Id.* at 25a-26a, 33a. The Fourth Circuit's holding is thus flatly contrary to the First Circuit's conclusion in *I.P. Lund* that dilution "has to do with the identification of a product and that is not the same thing as a lessening of demand." *I.P. Lund*, 163 F.3d at 49.

The Fourth Circuit's decision also conflicts with the Ninth Circuit's decision in *Panavision International, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998). Like the First Circuit in *I.P. Lund*, the Ninth Circuit in *Panavision* did not require proof of actual economic harm as an element of dilution under the FTDA. In *Panavision*, the Ninth Circuit held that the defendant violated the FTDA by registering the plaintiff's famous marks as Internet domain names. The court based its ruling on general observations that "[a] customer who is unsure about a company's domain name will often guess that the domain name is also the company's name" or trademark, *id.* at 1327 (*quoting Cardservice Int'l v. McGee*, 950 F. Supp. 737, 741 (E.D. Va. 1997)), and that "'[p]rospective users of plaintiff's services who mistakenly access defendant's web site may fail to continue to search for plaintiff's own home page, due to anger, frustration, or the belief that plaintiff's home page does not exist,'" *id.* at 1326 (*quoting Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 306-07

(D.N.J. 1998)). The Ninth Circuit did not require the plaintiff to prove that consumers had actually become angry or frustrated due to the defendant's registration of the plaintiff's marks as Internet domain names, let alone that the plaintiff had suffered any actual economic harm as a result.

The Ninth Circuit went on to hold that allowing the defendant to use the plaintiff's mark as an Internet domain name would put the plaintiff's "name and reputation at [the defendant's] mercy," because the mark "'could be associated with an unimaginable amount of messages on [the defendant's] web page.'" *Id.* (*quoting Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1240 (E.D. Ill. 1996)). The Ninth Circuit did not require the plaintiff to prove that its mark had in fact been associated with any messages that caused actual injury to the plaintiff's name or reputation or actual economic harm.[9]

The Fourth Circuit's decision also conflicts with the Eighth Circuit's decision in *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827 (8th Cir. 1999). The Eighth Circuit, like the First and Ninth Circuits, does not require proof of actual economic harm to the famous mark. Instead, the Eighth Circuit agrees with the view of leading trademark scholar J. Thomas McCarthy: "By causing consumers to connect the famous mark with different products, the subsequent mark weakens, or dilutes, the famous mark's unique and distinctive link to a particular product." *Id.* at 832 (*citing* 4 McCarthy, *supra*, § 24:70). No special proof of "actual economic harm"

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[9] One of the defendant's web sites "displayed photographs of the City of Pana, Illinois," while the other "simply display[ed] the word 'Hello.'" *Panavision*, 141 F.3d at 1319. The Ninth Circuit found it unnecessary even to consider whether these seemingly innocuous messages caused actual injury to the plaintiff's good name or reputation.

is required to show dilution under the Eighth Circuit's interpretation of the FTDA. Applying the view of dilution adopted by the Eighth Circuit in *Luigino's*, Professor McCarthy has concluded that Petitioner's survey evidence in this case "would seem to prove that in Utah the circus slogan was blurred by being associated with another source." 4 McCarthy, *supra*, § 24:94.

The Third Circuit has aligned itself with the First, Eighth, and Ninth Circuits by summarily affirming two district court decisions granting relief under the FTDA without requiring the plaintiff to prove actual economic harm. In one case, *Jews for Jesus v. Brodsky*, 159 F.3d 1351 (3d Cir.), *affirming* 993 F. Supp. 282 (D.N.J. 1998), the district court's analysis closely tracked the Ninth Circuit's analysis in *Panavision*. In the other case, *Wawa Inc. v. Haaf*, 116 F.3d 471 (3d Cir. 1997), *affirming* 40 U.S.P.Q.2d 1629, (E.D. Pa. 1996), the district court applied the six so-called Sweet factors, which do not require the plaintiff to prove actual economic harm.[10]

The Fourth Circuit's decision also is in sharp tension with the Seventh Circuit's analysis in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480 (7th Cir. 1988), which held that dilution, by its very nature, cannot be measured and therefore is not susceptible to proof of actual economic harm. The Seventh Circuit concluded that

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[10] The First and Fourth Circuits both have rejected application of the Sweet factors to dilution claims under the FTDA. *See* App., *infra*, 31a (application of the Sweet factors is "inappropriate"); *I.P. Lund*, 163 F.2d at 49 ("Judge Sweet's six-factor test is inappropriate in determining whether dilution has occurred for purposes of the FTDA.").

> the underlying premise of the anti-dilution doctrine is that unlike the immediate, and often measurable, injury caused by confusion, dilution is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark. . . . Without a likelihood of confusion there is no effective way to measure the loss of audience or potential growth – to identify the specific persons who do not attend the circus or to ascertain the businesses that do not enter into joint promotions – because of [the defendant's] use of the [mark].

Id. at 484 (internal quotation and citation omitted).

The Fourth Circuit's decision is flatly to the contrary. Recognizing that it should, if possible, avoid an interpretation of dilution that "defies proof," the Fourth Circuit held that proof of actual economic harm in a dilution case "cannot be considered impossible" and must be adduced in order to establish dilution. App., *infra*, 32a, 33a. Although the Seventh Circuit's decision applied a state dilution statute prior to enactment of the FTDA, the question of whether an actual economic harm requirement "defies proof" is the same under state and federal law, and thus the Seventh Circuit's view on that question conflicts with the Fourth Circuit's decision in this case.[11]

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[11] Following enactment of the FTDA, the Seventh Circuit agreed with the First, Third, Eighth, and Ninth Circuits that dilution statutes, including the FTDA, "protect the trademark owner from the erosion of the distinctiveness and prestige of a trademark caused by the sale of other goods or services under the same name (for example, the use of 'Tiffany & Co.' as the name of a hamburger stand, or simply a proliferation of borrowings that, while not degrading the original seller's mark, are so numerous as to deprive the mark of its distinctiveness and hence impact), even though there is no confusion of source." *Illinois High School*

(...continued)

In sum, the Fourth Circuit's decision conflicts with decisions of other federal courts of appeals by holding that actual economic harm is an essential element of trademark dilution that must be proved in order to obtain relief under the FTDA. No other circuit accepts the Fourth Circuit's "actual economic harm" requirement, and several courts of appeals have rejected it. Immediate review by this Court is needed to resolve the conflict.[12]

II. THE FOURTH CIRCUIT HAS DECIDED AN IMPORTANT QUESTION IN A WAY THAT EFFECTIVELY NULLIFIES A FEDERAL STATUTE AND CONFLICTS WITH BASIC PRINCIPLES OF TRADEMARK LAW AND INJUNCTIVE RELIEF.

A. The Court of Appeals Has Decided A Fundamental Question Under A Federal Trademark Statute In A Way That Renders The Statute A Virtual Nullity.

There can be no serious dispute that the Fourth Circuit has decided a question that is important enough to warrant the attention of this Court. The meaning of

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Ass'n v. GTE Vantage Inc., 99 F.3d 244, 247 (7th Cir. 1996) (Posner, J.).

[12] The Fourth Circuit's insistence on proof of actual economic harm is also in tension with this Court's decision in *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*, 483 U.S. 522 (1987), which held that a statutory prohibition on "*all* uses of the word 'Olympic' to induce the sale of goods or services" was valid because Congress "could determine that [all] unauthorized uses, even if not confusing, nevertheless may harm the USOC *by lessening the distinctiveness and thus the commercial value of the marks*." *Id.* at 539 (emphasis added) (*citing* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 825 (1927)).

"dilution" under the FTDA is central to the meaning and effect of the entire statute. The Fourth Circuit's interpretation of "dilution" is so narrow that it effectively interprets the FTDA out of existence. In the view of Professor McCarthy, the Fourth Circuit's decision "deals a 'real body blow' to the [FTDA] and makes it very difficult to prove a case."[13]

A recent decision applying the Fourth Circuit's standard provides a vivid illustration of its practical effect. The district court held that the plaintiff was not entitled to relief under the FTDA because it could not supply "the hard proof of actual economic harm that *Ringling Brothers* demands." *World Gym Licensing, Ltd. v. Fitness World, Inc.*, No. Civ. PJM 97-3558, 1999 U.S. Dist. Lexis 6971, at *31 (D. Md. Apr. 26, 1999). Ironically, the court held that the plaintiff *had* submitted adequate proof of trademark infringement. Thus, the FTDA as interpreted by the Fourth Circuit actually provides *less* protection for famous marks than an ordinary claim for infringement, a result diametrically opposite to the Congress's objective.

B. The Fourth Circuit's Decision Is Contrary to the Language And Purpose of the FTDA.

Requiring owners of famous trademarks to prove "actual economic harm to the famous mark's economic value by lessening its former selling power" as a precondition for injunctive relief under the FTDA, App., *infra*, 26a, is contrary to both the language and purpose of the Act.

Congress defined dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods

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[13] *Fourth Circuit Requires Proof of Actual Harm to Trademarks' Value to Sustain Dilution Claim*, Intell. Prop. Lawcast (Vox Juris Inc.), Apr. 12, 1999, at 3.

or services." Lanham Act § 45, 15 U.S.C. § 1127. The Fourth Circuit acknowledged that its interpretation "surely does not leap fully and immediately from the statutory text." App., *infra*, 7a. In fact, it bears *no* relation whatsoever to the statutory text, which does not contain the terms "actual economic harm," "economic value," or "selling power."

The Fourth Circuit's departure from the statutory language is particularly startling because the words Congress chose to define "dilution" are not new to trademark law. They appear prominently in the statutory definition of "trademark" itself. The defining characteristic of a trademark under the Lanham Act is its ability "*to identify and distinguish . . . goods*." Lanham Act § 45, 15 U.S.C. § 1127 (emphasis added).[14] As this Court has explained, a mark must be "capable of distinguishing the applicant's goods from those of others." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (*citing* 15 U.S.C. § 1052); *see also Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 162-63 (1995) (same).

By defining dilution as a "lessening of the capacity of a famous mark to identify and distinguish goods or services," Congress linked the definition of trademark dilution to the definition of a trademark. Established trademark law recognizes many gradations of distinctiveness above the minimal level necessary to qualify for registration as a trademark. At one end of the spectrum are famous marks, which have achieved a very high degree of distinctiveness.[15]

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[14] *See also id.* ("service mark" must possess ability "*to identify and distinguish . . . services*.") (emphasis added).

[15] *See* Lanham Act § 43(c)(1)(A), 15 U.S.C. § 1125(c)(1)(A) (in determining whether a mark is famous for purposes of the FTDA, courts may consider the mark's "degree of inherent or acquired distinctiveness"); *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976) ("A mark that is strong (...continued)

It is precisely these famous marks that Congress recognized as meriting additional protection under the FTDA. At the other end of the spectrum, "a mark that is hemmed in on all sides by similar marks on similar goods cannot be very 'distinctive.' It is merely one of a crowd of marks. In such a crowd, customers will not likely be confused between any two of the crowd and may have learned to carefully pick out one from the other." 2 McCarthy, *supra*, § 11:85.

Thus, the statutory language chosen by Congress to define dilution has a clear meaning: Dilution turns on consumer perceptions of uniqueness, not on whether the owner of the famous mark is able to prove actual economic harm.

In rejecting this straightforward interpretation of the statutory text, the Fourth Circuit relied principally on an argument that the FTDA provides a remedy for "dilution" rather than "for the mere 'likelihood of dilution' proscribed by the state statutes." App., *infra*, 19a. There are at least three flaws in the Fourth Circuit's reasoning. *First*, the fact that Congress chose to provide a remedy for "dilution" rather than for the "likelihood of dilution" says nothing about the meaning of "dilution" itself. *Second*, Congress defined dilution as "a lessening of the *capacity* of a famous mark to identify and distinguish goods and services," thus indicating that actual, consummated economic harm is not an element of dilution. *See id.* at 24a-25a n.6 (acknowledging that "[p]erhaps the leading treatise in the general field says flatly that [t]he [federal Act] does not require proof of an actual lessening of the strength of the famous mark; only that there

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because of its fame or its uniqueness, is more likely to be remembered and more likely to be associated in the public mind with a greater breadth of products and services, than is a mark that is weak because relatively unknown or very like similar marks.").

is a lessening of the capacity or the ability of the mark to be strong as a commercial symbol and identifier") (*citing* 4 McCarthy, *supra*, § 24:94). *Third*, the Fourth Circuit was simply incorrect in assuming that state dilution laws uniformly include the "likelihood of dilution" language. In fact, 14 state dilution laws do *not* contain such language.[16]

The Fourth Circuit's requirement that the owner of a famous mark must show actual economic injury to qualify for relief under the FTDA is flatly inconsistent with the legislative understanding that dilution does not "lead[ ] to immediate injury," but instead "is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark." H.R. Rep. No. 104-374, at 3 (1995) (*quoting Mortellito*, 335 F. Supp. at 1296). The Fourth Circuit's standard renders owners of famous marks powerless to stop the infection before it spreads. *See also* 3 McCarthy, *supra*, § 24:94 ("The theory of dilution by blurring is that if one small user can blur the sharp focus of the famous mark to uniquely signify one source, then another and another small user can and will do so. Like being stung by a hundred bees,

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[16] Of these 14 state statutes, 12 contain language that is virtually identical to that of the FTDA. *See* Ariz. Rev. Stat. § 44-1441 (1998); Conn. Gen. Stat. § 35-11a (1999); Idaho Code § 48-501 (1998); 765 Ill. Comp. Stat. 1036/65 (West 1998) § 5; Iowa Code § 548.101 (1998); Minn. Stat. § 333.18 (1998); Miss. Code Ann. § 75-25-1 (1998); N.J. Stat. Ann. § 56:3-13.1a (West 1998); N.M. Stat. Ann. § 57-3B-3 (Michie 1998); S.C. Code Ann. § 39-15-1105 (Law. Co-op. 1998); W.Va. Code § 47-2-1 (1998); Wyo. Stat. Ann. § 40-1-101 (Michie 1998). The other two state statutes are Alaska Stat. § 45.50.180 (Michie 1998)(dilution is "the use of a word, symbol or device . . . in a manner that deprives or reduces the distinctiveness of a mark"), and Wash. Rev. Code § 19.88.010 (1998) (dilution means "the material reduction of the distinctive quality of a famous mark").

significant injury is caused by the cumulative effect, not by just one.").

The Fourth Circuit also departed from congressional intent by drawing a sharp distinction between dilution under the FTDA and dilution under state law. In enacting the FTDA, Congress drew directly on the existing body of judicial decisions interpreting state dilution law, and did not intend federal dilution law to be narrower than state dilution law. *See supra* pp. 6-7.

Of equal significance, the FTDA bars plaintiffs from obtaining relief under state dilution laws if the defendant's mark is federally registered. Lanham Act § 43(c)(3), 15 U.S.C. § 1125(c)(3). Under the Fourth Circuit's interpretation of dilution, this preemption provision will actually reduce the protection afforded to famous trademarks in certain cases. Once the junior user acquires a federal registration, the protection formerly available under state dilution law will no longer be available either under state law (which will be preempted) or under the FTDA (which the Fourth Circuit has "confine[d]. . . to a more narrow scope than that generally accorded . . . to state-law dilution claims," App., *infra*, 19a). Congress enacted the FTDA to provide famous marks with national protection of the same type that is provided by statutes enacted by many, but not all, of the States. Congress gave no indication that it intended the FTDA to cut back on the protection available to owners of famous marks. Yet the FTDA's preemption provision will have precisely that effect under the Fourth Circuit's interpretation of the Act.

C. The Court of Appeals' Standard Conflicts With A Basic Principle of Trademark Law.

The Fourth Circuit's conclusion that proof of actual economic harm is an element of trademark dilution under the FTDA conflicts with the fundamental principle that a

trademark owner is not required to prove actual economic harm in order to prove a violation of its trademark rights. It is well established that a plaintiff asserting a trademark infringement or unfair competition claim under the Lanham Act is not required to prove any actual economic harm in order to prevail. As the First Circuit stated in *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 640 (1st Cir. 1992), "the Lanham Act contains no such proof-of-injury requirement."

One of the remedies for trademark infringement and unfair competition (as well as for trademark dilution when the defendant acts with "willful intent") is an accounting of the defendant's profits. *See* 15 U.S.C. § 1117(a). The accounting remedy has been justified on grounds of deterrence and avoiding unjust enrichment, as well as on the ground that the difficulty of proving damages even in a trademark infringement case justifies a presumption that the defendant's profits were derived entirely from sales that would have been made by the plaintiff but for the defendant's infringement. *See Restatement (Third) of Unfair Competition* § 37 cmt b; 5 McCarthy, *supra*, § 30:59.[17]

So-called "reverse confusion" cases provide a striking illustration of the principle that proof of a trademark violation does not require proof of actual economic harm.

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[17] Owners of copyrights and patents, like trademark owners, are not required to prove actual economic harm as a precondition for relief. A plaintiff may prevail under the Copyright Act "regardless of the adequacy of the evidence offered as to his actual damages . . . and even if he intentionally declined to offer such evidence, although it was available." 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyrights* § 14.04[a] (1999) (footnotes omitted). Similarly, a patent owner need not prove that it has been damaged in order to prevail under the Patent Act. *See* 7 Donald S. Chisum, *Chisum on Patents* 20.03[3][i] (1993).

"Reverse confusion" occurs when a second user of a mark promotes it to such an extent that it overwhelms the first (usually smaller) user, so that consumers come to associate the mark with the second user. *Restatement (Third) of Unfair Competition* § 20. "Reverse confusion does not ordinarily threaten a direct diversion of trade from the trademark owner; indeed, the owner's sales may benefit to some extent from the infringer's promotion of the mark." *Id.* cmt. f. Nevertheless, the prior user need not show economic harm in order to prevail in a reverse confusion case, and prior users have recovered substantial monetary awards without proving that they suffered any lost sales. *See, e.g., Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 408 F. Supp. 1219 (D. Colo. 1976), *aff'd and award modified*, 561 F.2d 1365 (10th Cir. 1977). The Fourth Circuit departed from this principle by holding that trademark dilution, unlike other trademark claims under the Lanham Act, requires the plaintiff to prove that it has suffered actual economic harm.

There is no principled basis on which the Fourth Circuit could decline to extend its "actual, economic harm" standard to all claims under the FTDA. The FTDA draws no distinction between use of the famous mark and use of a very similar mark. Thus, a plaintiff seeking an injunction to halt an "identical replication" of a famous mark, App., *infra*, 21a n.5, such as DUPONT shoes and KODAK pianos, would be required to show actual economic harm. This result is plainly contrary to the congressional understanding that such uses are "actionable." H.R. Rep. No. 104-374, at 3. Similarly, the FTDA draws no distinction between different types of dilution, and therefore the Fourth Circuit's rigid proof requirement applies not only to dilution by "blurring" but also to dilution by "tarnishing," *e.g.*, use of a famous mark in connection with a pornographic Web site.

Proving actual economic harm is quite difficult in the context of trademark infringement; in the context of

trademark dilution it is impossible, or nearly so. As the Seventh Circuit has explained, "the very nature of dilution, insidiously gnawing away at the value of a mark, makes the injury 'remarkably difficult to convert into damages.' . . . The lack of confusion . . . establish[es] the unquantifiable . . . nature of the injury. Without a likelihood of confusion, there is no effective way to measure the loss of audience or potential growth." *Celozzi-Ettelson*, 855 F.2d at 484 (internal citation omitted).

The Fourth Circuit itself acknowledged that proving dilution under its standard will be extraordinarily difficult, App., *infra*, 33a, and it failed to explain how any of the three "general means" of proof that it identified could succeed. The Fourth Circuit suggested that the owner of a famous mark could submit "proof of an actual loss of revenues" and then "disprov[e] [all] other possible causes" of the loss, but the court conceded that such proof would "rarely" be possible. *Id.* The court also suggested that plaintiffs could construct a consumer survey "from which actual harm and cause might rationally be inferred," but it did not attempt to explain how such a survey could be constructed. *Id.* Elsewhere in its opinion, moreover, the court rejected arguments for inferring or presuming actual economic harm. *See id.* at 22a. The court stated that its final suggested method of proof could yield nothing more than "indirect" evidence that "might complement other proof." *Id.* at 33a.

D. The Court of Appeals' Decision Conflicts With The Basic Principle Governing Injunctive Relief.

As noted above (at p. 6) Congress provided that the primary remedy for trademark dilution is an injunction. The Fourth Circuit's requirement that the plaintiff show "actual, consummated dilutive harm," App., *infra*, 33a, conflicts with the fundamental principle that an injunction is designed to prevent harm before it occurs.

It is firmly established that "an injunction may issue to prevent future wrong, although no right has yet been violated." *Swift & Co. v. United States*, 276 U.S. 311, 315 (1928). "The sole function of an action for injunction is to forestall future violations," and therefore injunctions are wholly "unrelated to punishment or reparations for [injuries] past." *United States v. Oregon State Med. Soc'y*, 343 U.S. 326, 333 (1952). *See generally Black's Law Dictionary* 784 (6th ed. 1990) (injunction "is a preventive and protective remedy, aimed at future acts, and is not intended to address past wrongs").

The FTDA expressly provides that owners of famous marks "shall be entitled" to injunctive relief "subject to the principles of equity." Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1). The Fourth Circuit ignored this statutory language and departed from a basic principle of equity by holding that preventing future harm is not a sufficient basis for injunctive relief under the FTDA. Instead, the Fourth Circuit requires proof of "actual consummated dilutive harm." App., *infra*, 33a. The Fourth Circuit's decision thus withholds a form of relief that is generally available under "principles of equity" to prevent harm, and instead denies all relief until after the owner of a famous mark can prove that the harm has already occurred.

III. THE COURT SHOULD ALSO GRANT REVIEW OF THE COURT OF APPEALS' RULING ON PETITIONER'S RIGHT TO A JURY TRIAL.

The Fourth Circuit's denial of Petitioner's request for a jury trial was inextricably linked to its interpretation of dilution. The Fourth Circuit reasoned (1) that Petitioner was not entitled to a jury trial unless it could present some evidence that Respondent had acted with willful intent to

dilute Petitioner's mark, and (2) that "the district court did not err in granting [Respondent's] motion for summary judgment on the issue of willful intent." App., *infra*, 35a.[18]

The Fourth Circuit's interpretation of "willful intent" incorporates its restrictive definition of dilution. *See* App., *infra*, 79a-80a ("'willful intent' . . . requires a plaintiff . . . to demonstrate that a defendant deliberately adopted a mark with the intent . . . to dilute the famous mark"). Because the court of appeals concluded that actual economic harm is an element of dilution, its interpretation of "willful intent" requires proof of intent to cause actual economic harm to the famous mark. Plaintiffs will rarely be able to show such an intent. Businesses generally intend to maximize their own profits; they have no interest in reducing the profits of non-competitors. *See* 4 McCarthy, *supra*, § 24.99. In contrast, under the interpretation of dilution adopted by other courts of appeals, a defendant acts with "willful intent" if it intentionally creates a mental association among consumers that lessens the capacity of a famous mark to distinguish goods or services.[19]

Because the Fourth Circuit's denial of Petitioner's request for a jury trial is directly linked to its interpretation of

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[18] If summary judgment had not been granted against Petitioner on the issue of willful intent, it would have been eligible for additional remedies (including an accounting of the Respondent's profits) and therefore entitled to a jury trial. *See Dairy Queen, Inc. v. Wood*, 369 U.S. 469 (1962) (holding that the Seventh Amendment applies to a claim for an accounting of the defendant's profits from trademark infringement).

[19] Applying its interpretation of willful intent, the Fourth Circuit affirmed the entry of summary judgment for Respondent in the face of evidence that Respondent deliberately adopted and used a "strikingly similar" mark "notwithstanding its knowledge of [the famous] mark." App., *infra*, 36a.

dilution, the Court should also grant review of the jury trial issue.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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June 1999

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APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

No. 97-1399

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INCORPORATED, Plaintiff-Appellant,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT, Defendant-Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, AT ALEXANDRIA , T.S. ELLIS, III, DISTRICT JUDGE (CA-96-788-A)

Argued: September 29, 1997
Decided: March 16, 1999

Before WILKINS, Circuit Judge, PHILLIPS, Senior Circuit Judge, and THORNBURG, United States District Judge for the Western District of North Carolina, sitting by designation.

Affirmed by published opinion. Senior Judge PHILLIPS wrote the opinion, in which Judge WILKINS and Judge THORNBURG joined.

OPINION

PHILLIPS, Senior Circuit Judge:

This case requires us to interpret and apply the dauntingly elusive concept of trademark "dilution" as now embodied in the Federal Trademark Dilution Act of 1995 ("the Act"). *See* Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified at 15 U.S.C. §§ 1125, 1127). The concept was invoked in this case by Ringling Bros.-Barnum & Bailey Combined Shows, Inc. ("Ringling") in a claim under the Act that Ringling's "famous" circus trademarks logan, THE GREATEST SHOW ON EARTH ("GREATEST SHOW mark"), had been diluted by the State of Utah's commercial use of its trademark slogan, THE GREATEST SNOW ON EARTH ("GREATEST SNOW mark"), as an advertisement of the state's winter sports attractions. The district court found that Ringling had not proved dilution under the Act and gave judgment for Utah. We affirm the judgment.

I.

The relevant background facts as found by the district court are undisputed. From 1872 to the present, Ringling and its predecessors have offered their circus to the public as the "Greatest Show on Earth." In 1961, Ringling received federal trademark registration for its GREATEST SHOW mark for entertainment services in the nature of a circus.

Since its inception, Ringling has used its mark to advertise circus performances. The circus travels throughout the United States and presents approximately 1,000 shows annually to some 12 million people in 95 cities. More than 70 million people each year are exposed to the GREATEST SHOW mark in connection with the circus. Revenues derived from goods and services bearing or using the mark are substantial and exceeded $103 million for the fiscal year ending January, 1997.

Ringling advertises its circus using the GREATEST SHOW mark in print advertising, radio, television, videos, outdoor billboards, direct-mail pieces, press announcements,

posters, program books, souvenirs, and joint promotions with other companies. In the fiscal year ending January 1997, expenditures on advertising using the mark totaled approximately $19 million. Through joint promotions with retailers, Ringling obtains significant additional exposure for its mark. Also, because of its renown, the GREATEST SHOW mark receives substantial free publicity.

Defendant Utah Division of Travel Development ("Utah") is an agency of the State of Utah. As early as 1962, Utah began using its GREATEST SNOW mark in connection with Utah tourism services. Utah has used its mark in magazine advertisements every year from 1962 to the present except 1963, 1977, and 1989. Utah has authorized the Utah Ski Association to use the GREATEST SNOW mark in connection with the Association's promotion of Utah tourism. Utah's primary use of its mark in Utah is its display on motor vehicle license plates. For each of the past fifteen years, Utah's budget for winter advertising, including advertising of the GREATEST SNOW mark, has ranged from $300,000 to $450,000.

In 1965, the Utah Attorney General opined that Utah's mark did not impair or violate Ringling's GREATEST SHOW mark. Utah registered its mark with the State of Utah in 1975 and renewed its registration in 1985 and 1995. In 1988, Utah applied to the United States Patent and Trademark Office to register its mark. Although Ringling opposed Utah's application, Utah was granted federal registration for its mark on January 21, 1997.

On June 6, 1996, Ringling commenced this action, seeking injunctive and monetary relief, on allegations that Utah's use of the GREATEST SNOW mark "diluted" Ringling's GREATEST SHOW mark in violation of the Act. Before trial, the district court granted Utah's motion to strike Ringling's demand for a jury trial, and after a bench trial, found for Utah.

This appeal by Ringling followed. Before us, Ringling challenges the district court's determination on the merits that Utah's mark did not dilute Ringling's mark in violation of the Act, and the court's denial of its demand for jury trial. We take these in turn.

II.

The Federal Trademark Dilution Act, which became effective on January 16, 1996, amended Section 43 of the Lanham Act to provide a new cause of action for federal trademark "dilution." Under the Act, the owner of a "famous mark" is given protection "against another person's commercial use . . . of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark." 15 U.S.C. § 1125(c)(1). A successful claimant may be given injunctive and, if a willful violation is proved, restitutionary, compensatory, and specific relief in the form of a destruction of offending articles. *See id.* §§ 1125(c)(1)-(2), 1117(a), 1118.

The Act defines dilution as:

> the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—
>
> (1) competition between the owner of the famous mark and other parties, or
>
> (2) likelihood of confusion, mistake, or deception.

Id. § 1127.

And, the Act's legislative history further indicates that Congress understood that "dilution" might result either from "uses that blur the distinctiveness of [a famous] mark or [that] tarnish or disparage it." *See* H.R. Rep. No. 104-374, at 2 (1995), U.S. Code Cong. & Admin. News at 1029, 1029. The parties here both accept this as a proper reflection of

congressional intent respecting the meaning of "dilution," and further agree that only dilution by blurring is at issue in this case.[1]

To prove its statutory dilution claim, Ringling's burden therefore was to prove (1) that its mark was a "famous" one; (2) that Utah adopted its mark after Ringling's had become famous; and (3) that Utah's mark diluted Ringling's by "blurring" it. *See id.* §§ 1125(c)(1), 1127.

At trial, Ringling put on essentially undisputed evidence demonstrating that its mark had achieved "famous" status before Utah began use of its mark. This left as the dispositive issue whether Utah's mark had "diluted" Ringling's by "blurring" it. On that issue, Ringling took the position that as a matter of statutory interpretation, "dilution" by "blurring" occurs whenever a junior mark is either identical to or sufficiently similar to the famous mark that persons viewing the two instinctively will make a "mental association" between the two. (Appellant's Br. at 9.) On this interpretation, viewers' knowledge of the goods or services represented by the two marks is irrelevant; all that counts is the identity or sufficient similarity of the marks as perceived by the viewer. Taking this as the legal meaning of "dilution by blurring," Ringling then contended that, though not identical, the similarity between Ringling's and Utah's marks was so strong and obvious that the required "mental association" of the two, hence the dilution by blurring of Ringling's senior mark, was evident as a matter of law, no other evidence being required to establish it. But, in a

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[1] We need not, therefore, delve into the difficult question of how conceptually to fit tarnishment within a theory of dilution. *See generally* Beverly W. Pattishall, *Dawning Acceptance of the Dilution Rationale For Trade-Mark Identity Protection*, 74 Trademark Rep. 289, 306- 07(1984) (suggesting that tarnishment is "largely unrelated to the dilution concept").

back-up position, Ringling presented evidence of a survey of hypothetical viewers designed to demonstrate empirically that the two marks did evoke in a properly representative sampling of viewers the mental association of the two that sufficed alone to prove a dilution violation.

In a comprehensive opinion, *see Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605 (E.D.Va.1997), the district court rejected Ringling's critical legal contentions respecting the legal meaning of "dilution" as used in the Act and found its attempted factual proof of dilution by means of a viewer survey insufficient to establish a violation.

Specifically, the court rejected Ringling's contention that proof alone of an "instinctive mental association" of the two marks by viewers sufficed to prove "dilution." While recognizing that to prove dilution by blurring one must necessarily prove as a threshold element a mental association by viewers of the marks themselves, the court held that this alone did not suffice. Rather, the court held, dilution by blurring occurs only where consumers "mistakenly associate or confuse the marks and the goods or services they seek to identify and distinguish," and this association causes actual harm to the senior mark's capacity to "identify and distinguish." *Id.* at 615-16. Applying this interpretation of "dilution" to Ringling's consumer survey evidence, the court found that the attempted proof by this means failed. *See id.* at 616-18. And, finally, analyzing the evidence as a whole under a multi-factor balancing test proposed for the purpose in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir.1989) (Sweet, J., concurring), the court concluded that "dilution" had not been established on a balancing of those factors. *See id.* at 618-22.

On this appeal, Ringling challenges both the district court's interpretation of the statutory meaning of "dilution"; the court's rejection of its survey evidence as insufficient to

prove "dilution"; and the court's rejection of its dilution claim under a *Mead Data* analysis. We take these in turn.

A.

Ringling's primary challenge is to the district court's interpretation of the statutory meaning of "dilution," hence of the elements of the "dilution" claim newly created by the Act. As in the district court, it contends for its contrary interpretation: that a famous mark is "diluted" whenever a junior mark is sufficiently similar that consumers viewing them "instinctively make a mental association" of the two. It therefore argues that the district court erred in interpreting the Act to require further proof that in making this "mental association" consumers "mistakenly associate or confuse the marks and the goods or services they seek to identify and distinguish." (Appellant's Br. at 9, 18-20.) And, it further argues that the court erred in interpreting the Act to require proof of "actual dilution." (Appellant's Reply Br. at 3-4.)

Reviewing *de novo* the statutory interpretation issue, *see Shafer v. Preston Memorial Hosp. Corp.*, 107 F.3d 274, 277 (4th Cir.1997), we disagree with Ringling's proffered "mental-association-alone" interpretation. Though we do not agree in every particular with the district court's interpretation, we agree with its basic points that "dilution" under the federal Act consists of (1) a sufficient similarity of marks to evoke in consumers a mental association of the two that (2) causes (3) actual harm to the senior marks' economic value as a product-identifying and advertising agent.

That meaning surely does not leap fully and immediately from the statutory text. But, we believe it is the necessary meaning of the Act's critical provisions when read in light of the Act's legislative history. By that, we mean both the immediate but quite meager legislative record and, more critically, the broader background out of which the basic concept emerged and has evolved in state and federal trademark law. Though the process is laborious, we believe

the historical inquiry has to begin far back with intellectual origins.

The concept of trademark "dilution" as distinct from "infringement" is commonly traced (though there were exploratory judicial antecedents) to Frank I. Schechter. *See Restatement (Third) of Unfair Competition* § 25 cmt. b. (1995) [hereinafter, *Restatement*]; *see also Mead Data Central*, 875 F.2d at 1028; *Norm Thompson Outfitters, Inc. v. General Motors Corp.*, 448 F.2d 1293, 1299 (9th Cir.1971). Pointing up the inadequacies of then-current trademark law to serve its consumer-protection function in the complex, multi-layered marketing systems that had now evolved, Schechter first proposed simply expanding the protections provided by the consumer-protection model to accommodate the new market realities. *See* Frank I. Schechter, *The Historical Foundations of the Law Relating to Trade-Marks* (1925).

Two years later however, Schechter had concluded and advanced the thesis that the consumer-protection model, even in its expanded state, could not adequately accommodate the realities of twentieth century marketing. *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927) [hereinafter Schechter, Rational Basis of Trademark Protection]. His proposal now was to abandon that model entirely, recognize that "the preservation of the uniqueness of a trademark . . . constitute[s] the only rational basis for its protection," *id.* at 831, and provide that protection by prohibiting "dilution" of such a mark's uniqueness from which it derived its hard-earned advertising value and selling power. *See id.* at 832 (borrowing the term "diluted" from a German case). Under that proposal, trademark law would have been confined to preventing the "dilution" of truly "unique" marks identified as those employing "coined, arbitrary or fanciful words or phrases that have . . . from the very beginning, been

associated in the public mind with a particular product." *Id.* at 829. And, by "dilution" under this model was meant simply any junior use of an identical or sufficiently similar mark, without regard to whether the junior use had any other harmful effect than its necessary destruction of the senior mark's former absolute "uniqueness" as a product symbol. *See id.* at 825. This flowed from Schechter's thesis that the "real injury" caused by concurrent use of such marks was not consumer confusion but "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods." *Id.* Protection of the public against deceptive and confusing uses of non-"unique" marks would have been left under such a regime to other laws than that of trademark.

This radical dilution proposal, whose practical effect if fully adopted would be to create as the whole of trademark-protection law property rights in gross in suitably "unique" marks, never has been legislatively adopted by any jurisdiction in anything approaching that extreme form. In fact, though from the outset its basic concept evoked occasional favorable judicial notices, *see, e.g.*, *Tiffany & Co. v. Tiffany Prods., Inc.*, 147 Misc. 679, 264 N.Y.S. 459, 462 (N.Y.Sup.Ct.), *aff'd*, 237 A.D. 801, 260 N.Y.S. 821 (1932), *aff'd*, 262 N.Y. 482, 188 N.E. 30 (1933), there was no legislative adoption of the concept in any form until 1947 when Massachusetts enacted the first state "antidilution" statute. *See* Act of May 2, 1947, ch. 307, § 7a, 1947 Mass. Acts 300 (codified as amended at Mass. Gen. Laws Ann. ch. 110B, § 12 (West 1996)). Over the next fifty years, other states followed suit and by 1996, when the President signed the federal Act into law, around half of the states had done so. *See Restatement*, *supra* § 25 statutory note. Though they of course varied in detail, the state statutes typically had four features of relevance for our interpretive purposes: (1) they defined the category of marks protected against dilution solely by reference to their "distinctive quality"; (2) they

proscribed not just actual, consummated dilution, but the "likelihood of dilution"; (3) by containing no express reference to harm to the senior mark's economic value, they defined dilution in terms susceptible to the interpretation that it consisted solely of a loss of the mark's distinctiveness; and (4) they provided only injunctive relief. *See, e.g.*, N.Y. Gen. Bus. Law § 360-1 (McKinney 1998); Ala.Code § 8-12-17 (1998); Cal. Bus. & Prof.Code § 14330 (West 1998).

It was against this background that Congress in 1995 brought the dilution concept into federal trademark law by the Federal Trademark Dilution Act's amendment of the Lanham Act. *See* 15 U.S.C. §§ 1125(c), 1127.[2] Though the sparse congressional record of the amendment's adoption contains no allusion to this background, its principal features must necessarily have figured in Congress's understanding and purpose in adopting the concept almost seventy years after it was first proposed in theoretical form and almost fifty years after the states had first brought it into state trademark law. That history, consisting of the concept as first proposed, the states' legislative adoption of modified forms, and the courts' reaction to the eventual state antidilution legislation, provided the sole primary sources for congressional understanding of the concept and purpose for adopting it in any form.

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[2] Two earlier unsuccessful attempts had been made to enact a federal dilution statute. The first was in 1932 with a bill advanced by Schechter. *See* H.R. 11592, 72d Cong. § 2(d)(3) (1932); Walter J. Derenberg, *The Problem of Trademark Dilution and the Antidilution Statutes*, 44 Cal. L. Rev. 439, 449 (1956) (*quoting* Schechter's testimony in hearings before the House Committee on Patents). The second attempt did not come until 1988, as a proposed amendment to the Lanham Act. *See* David S. Welkowitz, *Reexamining Trademark Dilution*, 44 Vand. L. Rev. 531, 537(1991) (discussing the fate of the 1988 bill).

The most critical aspect of that history for our purposes is the experience of courts in interpreting and applying the state antidilution statutes. The broad outlines of that experience are fairly summarized by the *Restatement on Unfair Competition* in a comment to its section on "Dilution and Tarnishment":

> At first the courts applied the statutes reluctantly, if at all. In many cases dilution claims were denied because the plaintiff failed to prove a likelihood of confusion, notwithstanding the clear language of the statutes eliminating confusion as an element of the cause of action. Some courts, and numerous commentators, expressed fear that the uncertain limits of the antidilution cause of action would unduly expand the ability of trademark owners to monopolize language and inhibit free competition. A broad antidilution theory also has the potential to render superfluous the traditional likelihood of confusion standard of liability. It was further suggested that a state cause of action for dilution might interfere with the federal policy of uniform, national trademark protection implemented under the Lanham Act, although only isolated cases supported this preemption theory. Other commentators, however, continued to urge protection for the selling power of well-known trademarks. After the New York Court of Appeals in *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 N.Y.2d 538, 399 N.Y.S.2d 628, 369 N.E.2d 1162 (1977), expressed the need for protection against the "cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name," judicial acceptance of the antidilution statutes increased. Nonetheless, in apparent recognition that broad interpretation of the statutes would undermine the balance between private

> and public rights reflected in the traditional limits of trademark protection, the courts have continued to confine the cause of action for dilution to cases in which the protectable interest is clear and the threat of interference is substantial.

Restatement, *supra* § 25 cmt. b.

Within that general experience, several features are of particular relevance to our purpose. First is the sheer difficulty that courts have had in getting a firm handle on the basic concept of "dilution" as cryptically expressed in the typical state statute in an unelaborated reference to "dilution of the distinctive quality of a mark." *E.g.*, N.Y. Gen. Bus. Law § 360-1. That the difficulty has been a significant one is sufficiently demonstrated by the wavering course of judicial reactions noted in the *Restatement* comment. That it has persisted is sufficiently captured by the Second Circuit's plaintive observation in 1983, more than thirty years after courts first began grappling with the interpretive problem, that "dilution remains a somewhat nebulous concept." *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir.1983) (applying New York statute).

More important for our purposes than the continuing difficulty itself are its causes and its nature. And these plainly emerge in the cases. In the broadest sense, the cases demonstrate that once the dilution concept is sought to be given any form other than that of Schechter's simple original proposal it begins to lose its coherence as a legally enforceable norm. Specifically, it becomes difficult to identify the legal interest sought to be protected from "dilution," hence the legal harm sought to be prevented. As proposed by Schechter, the interest was easily identified as simply the mark's "uniqueness"—its singularity as a word-symbol contrived by its owner from outside "the human vocabulary"—and the harm, as a loss of that uniqueness. Schechter, *Rational Basis of Trademark*

Protection, *supra* at 829. And, the legal cause of such a harm was the equally simple act of perfect or near-perfect replication of the senior mark by a junior mark. That all such "unique" marks had present or potential economic value—"selling power"—was assumed, as was the fact that any replication necessarily would "whittle away" that power. *Id.* at 830-31. Under that model, therefore, no proof would be required to prove dilution except the fact that a junior mark replicated the protected mark: no economic harm beyond that need be independently proved. *See id.* As commentators have fairly observed, the effect of this radical dilution model would have been to create property rights in gross in the narrow category of marks it protected, making them comparable (though without their time-limits) to those protected by patent and copyright law. *See, e.g.*, Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789, 802 (1997) [hereinafter Klieger, *Trademark Dilution*].

Although when the state antidilution statutes began to be enacted the dilution concept had found expression as a legal construct only in the form proposed by Schechter, it is clear that none of the original or following statutes purported to enact that specific form. Instead, without defining the term, their typical formulation simply proscribed and made subject to injunction the use of any mark that created a "[l]ikelihood of . . . dilution of the distinctive quality of a [senior] mark . . . notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services." Model State Trademark Act § 12 (1964), reprinted in, J. Thomas McCarthy, 3 *McCarthy on Trademarks and Unfair Competition* § 22:8 (4th ed.1998) [hereinafter 3 *McCarthy*]. As earlier indicated, this bare-bones codification, centered on an unelaborated term of art having no previously acquired meaning through the common law decisional process, has puzzled courts from the

outset as to just exactly what legal interest it sought to protect, and legal harm to prevent.[3]

While perfectly synthesizing the courts' varying approaches to the interpretive problem is impossible, a few observations relevant to our interpretive purpose can be ventured. The first is that though the typical state statute formulation is susceptible to an in-gross-property-right interpretation—by reading "distinctive quality" as essentially synonymous with "uniqueness" in the Schechter model—no court seems to have taken that blunt approach. Instead, frequently alluding to Schechter's identification of the senior mark's "selling power," and the "whittling away" of that power as the ultimate concerns of dilution's special protective function, the courts seem generally to have assumed that loss of that power, and the economic value it represents, was the end harm at which the antidilution statutes were aimed. *See*, *e.g.*, *Sally Gee*, 699 F.2d at 624-25 ("The interest protected by [the New York antidilution statute] is . . . the selling power that a distinctive mark or name with favorable associations has engendered for a product in the mind of the consuming public."); *Polaroid Corp. v. Polaraid, Inc.*, 319 F.2d 830, 836 (7th Cir.1963) ("'dilution is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark'") (*quoting* Callmann, *The Law of Unfair Competition and Trademarks* 1643 (2d ed.1950)) (applying Illinois antidilution statute); *The Munters Corp. v. Matsui Am., Inc.*,

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[3] And led some avowed critics of the whole dilution concept to express doubt that it can be given principled, enforceable legal form. *See*, *e.g.*, Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary*, 18 Seton Hall Legis. J. 433, 447 (1994) (opining that experience with the state statutes demonstrates that legislation attempting to codify the concept creates "a remedy without a wrong").

730 F. Supp. 790, 802 (N.D.Ill.1989) (addressing whether defendant's use of its mark "will dilute the commercial magnetism of [plaintiff's] mark") (applying Illinois antidilution statute), *aff'd*, 909 F.2d 250 (1990).

The real interpretive problem has been with how harm to the senior mark's selling power resulting from the junior mark's use could be proved. Logic has compelled agreement that as a threshold matter some mental association of the two marks by a relevant universe of consumers must be proved (or presumed) in order to allow inference of the necessary causal connection between use and proven harm. *See e.g.*, *Mead Data*, 875 F.2d at 1031 ("It is apparent . . . that there must be some mental association between plaintiff's and defendant's marks.") (applying New York law); *Fruit of the Loom, Inc. v. Girouard*, 994 F.2d 1359, 1363 (9th Cir.1993) ("Whittling away will not occur unless there is at least some subliminal connection in a buyer's mind between the two parties' uses of their marks.") (applying California law). And, plain statutory text has directed that the threshold mental association and any resulting harm need only be proved as matters of future "likelihood." *See*, *e.g.*, N.Y. Gen. Bus.Law § 360-1 ("Likelihood of . . . dilution of the distinctive quality of a mark shall be a ground for injunctive relief. . .."); Cal. Bus. & Prof.Code § 14330 (same). But beyond these points of agreement the difficulty has remained: how, in the absence of any consumer confusion as to source, can harm to the senior mark's selling power traceable to the junior mark's use be proved even as likely future fact? On that, no consensus has emerged in judicial interpretations and applications of the state statutes. Three general approaches can be discerned in the efforts over time to deal with the problem.

Early on, during the period of general judicial hostility to the whole statutory dilution concept, *see Restatement*, *supra* § 25 cmt. b, some courts, seeming to

assume that the requisite harm could only be shown by evidence of some form of product-diverting consumer confusion (presumably other than source confusion) invariably found such proof lacking. *See, e.g., Cue Publishing Co. v. Colgate-Palmolive Co.*, 45 Misc.2d 161, 168, 256 N.Y.S.2d 239, 245-46 (N.Y. Sup. Ct.),*aff'd*, 23 A.D.2d 829, 259 N.Y.S.2d 377 (1965).

Another approach, which assumed both that likelihood of harm to selling power must be proved, and that such harm could occur despite the absence of any consumer confusion, came in Judge Sweet's influential *Mead Data* proposal. Though not expressed in these exact procedural terms, the suggestion was effectively that proof must and could be sought through the normal judicial process of fact-finding by inference from a set of contextual factors (degree of mark and product similarity, etc.) that he proposed as relevant for the purpose. *See Mead Data*, 875 F.2d at 1035 (Sweet, J., concurring).

Finally, and most drastically, some courts have taken the position, in part at least for the very reason that they consider likelihood of harm to a mark's selling power to be incapable of direct or inferential proof, that it may simply be presumed from the identity or sufficient similarity of the marks. *See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 484 (7th Cir.1988) (opining, in applying Illinois statute to uphold injunction against use of "Greatest Used Car Show on Earth" slogan, that "[w]ithout a likelihood of confusion there is no effective way to measure [Ringling's] loss of audience or potential growth," but presuming likelihood of that harm for injunctive purposes); *Freedom Sav. & Loan Assoc. v. Way*, 757 F.2d 1176, 1186 (11th Cir.1985) (opining, in applying Florida antidilution statute, that although "[d]ilution requires some proof that the use of a trademark decreases [a senior mark's] commercial value [,] [i]f the plaintiff holds a

distinctive trademark, it is enough that the defendant has made significant use of a very similar mark"); *see also Gaeta Cromwell, Inc. v. Banyan Lakes Village*, 523 So.2d 624, 626-27 (Fla.Dist.Ct.App.1988) (holding, under Florida statute, that where a senior mark "is strong and distinctive, mere 'significant use' of the name by the defendant is enough to establish decrease in its commercial value, and therefore 'dilution'"). As is obvious, by requiring no proof of "likely" dilution of a senior mark but the identity or sufficient similarity of a junior mark, this approach effectively interprets the state statutes as creating property rights in gross in the senior mark.[4]

From this fifty-year course of judicial experience, several propositions can be ventured. The first is that a general agreement has emerged that "dilution" under the state statutes involves as an essential element some form of harm to the protected mark's selling power—its economic value—resulting otherwise than by consumer confusion from the junior mark's use. Because the statutes require proof only of a "likelihood" of dilution, however, the courts have not been required to work out either the exact nature of the end economic harm it contemplates nor how, if at all, it could be proved as accomplished economic fact. Instead, looking only

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[4] These decisions do not employ the language of evidentiary "presumption" but, as their rationales and results plainly indicate, that is the process being employed to find "likelihood of dilution." And, though it is not of particular moment to our discussion, the presumptions they apply are seemingly of the "conclusive" variety. The courts' analyses contain no hint that a dilution defendant might rebut the presumptions they apply. And, the practical effect of the presumptions is to create the substantive rule that any replication of a famous mark is a violation of the antidilution statute. *See* 2 *McCormick on Evidence* § 342, at 451 (John William Strong ed., 4th ed.1992) (pointing out these as the identifying factors of "conclusive" presumptions) [hereinafter 2 *McCormick*].

to the likelihood of such a speculative future condition, the courts have either (1) assumed that its essential elements—mental association, causation, harm—could be found (or rejected) as fact by inference from a balancing of the "*Mead* factors," or (2) assumed that all those elements could be conclusively presumed—direct or inferential proof being impossible—simply from proof of the identity or near-identity of the two marks.

From all this, it is evident that the most significant feature of the state antidilution statutes has been their requirement that only a "likelihood of dilution" rather than actual dilution need be proved to entitle a claimant to the injunctive relief which they provide as the sole statutory remedy. This has enabled the courts to avoid hard definition of the economic harm to a senior mark's "selling power" that they generally agree is an essential element of statutory "dilution." And, even more critically, the necessary speculativeness of any inquiry into future states and conditions has led some courts to allow the essential elements of "likely" dilution to be inferred as fact from the "*Mead* factors," or, even more drastically, to be presumed from no more than the identity or sufficient similarity of the two marks.

We have explored the judicial experience with state antidilution statutes at this length because of the needed light it sheds upon the significance of key contrasting provisions of the federal Act. And, because of the light shed in turn by those provisions upon the specific interpretive issue we consider: whether, as Ringling essentially contends, "dilution" under the federal Act requires no more proof than sufficient similarity of junior mark to senior to evoke in consumers an "instinctive mental association" of the two.

Two key provisions of the federal Act, considered in relation to the state statutes and their interpretation bear directly upon that issue and provide its answer. Most

critically, the federal Act proscribes and provides remedy only for actual; consummated dilution and not for the mere "likelihood of dilution" proscribed by the state statutes. And, by specifically defining dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services," the federal Act makes plain what the state statutes arguably may not: that the end harm at which it is aimed is a mark's selling power, not its "distinctiveness" as such.

Accepting these two critical points, we therefore interpret the Act, in general agreement with the district court, as requiring for proof of "dilution" (1) a sufficient similarity between the junior and senior marks to evoke an "instinctive mental association" of the two by a relevant universe of consumers which (2) is the effective cause of (3) an actual lessening of the senior mark's selling power, expressed as "its capacity to identify and distinguish goods or services."

This concededly is a stringent interpretation of "dilution" under the federal Act. It confines the federal dilution claim to a more narrow scope than that generally now accorded by courts to state-law dilution claims. But, given the critical provisions that expressly differentiate the federal Act on key points from the state statutes, we must assume that this was exactly what was intended by Congress. *See I.P. Lund Trading ApS, Kroin Inc. v. Kohler Co.*, 163 F.3d 27, 45 (1st Cir.1998) (observing that "dilution" is a "term[ ] of art given specific, rigorous meaning[ ] by the [Act]"). It obviously is directly at odds with the mental-association-alone interpretation urged by Ringling, and Ringling challenges it in respects that require discussion.

Reflecting the unremitting difficulty of the interpretive problem for all who touch it, Ringling's challenge to the district court's interpretation is not a consistently clear one. In the end, however, it plainly comes to insistence that the federal Act does not require

independent proof either that the senior mark has sustained any actual harm to its economic value or that use of the junior mark is the effective cause of any harm shown; instead, it is contended that the Act requires only proof of a sufficient visual similarity of the marks to evoke in consumers an "instinctive mental association" of the two.

To lay the basis for discussing that alternative and refuting interpretation, we note that in logic it could only be accepted (1) if the interest intended to be protected by the Act is the senior mark's "distinctiveness" as such, in the narrow sense of its singularity as a word symbol; or (2) if, although the Act requires proof of some actual harm to the senior mark's economic value caused by the junior mark's use, it permits both cause and harm to be judicially presumed as facts from the sufficient similarity of the two marks. As is evident, the first possibility describes the radical property-right-in-gross model of dilution as originally proposed by Schechter; the second describes the presumption process used by some courts to find a "likelihood of dilution" under state antidilution statutes. We are satisfied that the federal Act does not permit either of these interpretations.

Take first the property-right-in-gross interpretation. While Ringling does not press that interpretation in those exact terms, it is sufficiently implicit in its argument to require addressing.[5] Doing so, we simply cannot believe

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[5] Ringling claims that exact interpretation for the Act where identical marks are involved. Relying on that portion of the legislative history explaining that "the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under the [Act]," Ringling asserts that this indicates that in such cases the required "mental association" is "presumed." (Appellant's Br. at 14 *quoting* (H.R.Rep. No. 104-374, at 3 (1995))). Coupled with Ringling's consistently maintained position that "mental association" equals "dilution," the two in tandem would come to (...continued)

that, as a general proposition, Congress could have intended, without making its intention to do so perfectly clear, to create property rights in gross, unlimited in time (via injunction), even in "famous" trademarks. Had that been the intention, it is one easily and simply expressed by merely proscribing use of any substantially replicating junior mark. And that surely is not what the Act says. However amorphously they may be expressed, and however difficult to prove in practice, the Act literally prescribes as elements of its dilution claim both specific harm to the senior mark's economic value in the form of a "lessening of [its] capacity . . . to identify and distinguish goods and services," and a causal connection between that harm and the "commercial use" of a replicating junior mark. 15 U.S.C. §§ 1125(c)(1), 1127. It will not bear a property-right-in-gross interpretation.

Neither can the Act be interpreted to require proof of actual economic harm and its effective cause but permit them to be judicially presumed from proof alone of the marks' sufficient similarity. As earlier noted, that process has been used by some courts in applying state antidilution statutes that require proof only of a "likelihood of dilution." Whatever may be the justification for using it in that setting, it could not properly be used under a statute requiring proof of actual harm already caused by use of a junior mark. Under basic evidentiary presumption principles, the probabilities are not high enough nor means of proof sufficiently lacking to allow such a presumption. *See* 2 *McCormick*, *supra* § 343, at 454-55 (identifying probability estimates and proof difficulties as usual basis for judicial

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property rights in gross in this narrow circumstance. We need express no view on the significance of this excerpt from legislative history in that circumstance. As Ringling recognizes, it speaks directly only to the effect of an identical replication which is not involved in this case.

presumptions, with probability the "most important consideration").

Take first causation. As the district court in this case rightly observed, "marks can lose their distinctiveness or power to identify goods and services for various reasons other than the use of a junior mark." 955 F. Supp. at 615. And, for that reason, the court opined that junior mark use could not be judicially presumed to be the cause of any actual economic harm to the senior mark that might be proved. *See id.* We agree.

Nor, for similar reasons could actual harm itself be presumed. That economic harm inevitably will result from any replicating junior use is by no means that certain. *See* Klieger, *Trademark Dilution*, *supra* at 813 n. 134 ("[T]o say that the senior mark will inevitably lose its 'commercial magnetism' or 'selling power' is far from intuitive"). It is not at all improbable that some junior uses will have no effect at all upon a senior mark's economic value, whether for lack of exposure, general consumer disinterest in both marks' products, or other reasons. Indeed, common sense suggests that an occasional replicating use might even enhance a senior mark's "magnetism"—by drawing renewed attention to it as a mark of unshakable eminence worthy of emulation by an unthreatening non-competitor. Imitation, that is, may occasionally operate in the marketplace as in social manners as the "sincerest form of flattery." In any event, there are enough reasons why replicating junior use of a mark might not cause any actual economic harm to a senior mark that it is not a proper subject for judicial presumption.

Nor can it be said (as perhaps it can with respect to proving mere "likelihood of dilution") that even if it is the fact that actual economic harm caused by replicating junior use has occurred, there is no way to prove those facts independently. Though proof of those elements of the elusive dilution concept may tax the skills of advocacy, that

results more from their substantive uncertainty than from lack of available means of proof. As we will discuss, if they do exist, there are means of proving them by normal evidentiary processes. Impossibility or near-impossibility of proving them does not support their judicial presumption.

Perhaps recognizing the difficulty of interpreting the federal Act in either of these ways, both of which assume that some actual harm must be proved but say either that the harm is only to a famous mark's distinctiveness as such or that, if economic harm is required, it may be judicially presumed from similarity of marks, Ringling's principal argument seems to be that if the Act requires proof of any form of economic harm, it is only threatened harm, not actual consummated harm. In short, Ringling argues that though the Act does not literally proscribe mere "likelihood of dilution" in the manner of state antidilution statutes, that is its intended meaning. And, from that the argument implicitly runs that merely future harm could be much more easily proved (or judicially presumed?) than can the actual, consummated economic harm that the district court's interpretation requires be independently proved.

The literal parsing argument for mere threatened, future economic harm focuses on the word "capacity" in the Act's definition of "dilution" as the "lessening of the capacity of a famous mark to identify and distinguish goods or services." 15 U.S.C. § 1127. "Capacity," the argument runs, necessarily imports futurity; it means in this context the ability of a mark continuously over future time to "identify and distinguish," even if it has not yet suffered any lessening of that ability. We cannot accept that interpretation as a matter of the Act's plain meaning. We think it is belied both by the word's ordinary intrinsic meaning and by its use in context. One can surely speak expressly of "present capacity," or of "future capacity," or of a "former capacity," but unless it is so temporally modified or otherwise given its

intended temporal meaning, the word is neutral in that respect. In context here, it is plain that the "capacity" spoken of is "former capacity." The verb of which it is the object is the clear indicator; the conduct proscribed is that which "lessens" capacity, not that which "will" or "may" lessen. *Id.* There are other contextual indicators. The conduct proscribed is "another person's . . . use," not merely threatened use; that "causes," not that "will" or "may" cause. *Id.* § 1125(c)(1). Unlike the state antidilution statutes which provide only injunctive relief, reflecting their sole focus on prevention of future harm, the federal Act provides that where willful conduct is shown, both compensatory and restitutionary relief may be awarded—for necessarily consummated economic harm. *Id.* §§ 1125(c)(2), 1117(a), 1118. Finally and most telling, there is the fact that in the face of the obvious centrality of "likelihood of dilution" provisions in the interpretation and application of state antidilution statutes for the fifty years of their existence,the federal Act does not so provide.[6]

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[6] A number of commentators have noted this key difference between the federal Act and the preexisting state antidilution statutes. *See* Eric A. Prager, *The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion*, 7 Fordham Intell. Prop. Media & Ent. L. J. 121, 130-36 (1996); Patrick M. Bible, *Defining and Quantifying Dilution under the Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 75 U. Colo. L. Rev. 295, 307-08 (1999) [hereinafter *Bible, Defining and Quantifying Dilution*]; Lori Krafte-Jacobs, *Judicial Interpretation of the Federal Trademark Dilution Act of 1995*, 66 U. Cin. L. Rev. 659, 668 (1998). Few, however, go on to offer an opinion on how or whether such a difference affects interpretation of the federal statute. Those that do are hopelessly divided on this fundamental interpretive issue, asserting their flatly opposing interpretations with equally magisterial assurance but with no helpful analysis of text.

Perhaps the leading treatise in the general field says flatly that "[t]he [federal Act] does not require proof of an actual lessening of (...continued)

For all these reasons, we agree with the district court that to establish dilution of a famous mark under the federal Act requires proof that (1) a defendant has made use of a

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the strength of the famous mark: only that there is a lessening of the capacity or the ability of the mark to be strong as a commercial symbol and identifier." 3 *McCarthy*, *supra* § 24:94 at 24-151 (emphasis in original); *See also* Courtland L. Reichman, *State and Federal Trademark Dilution*, Franchise L. J. 111, 132 (Spring 1998) (noting that "[o]n its face" the federal Act "appears to require actual dilution" but supporting the view that a claimant need only show a likelihood of dilution because such an "interpretation squares with the definition's use of the word 'capacity', which indicates that it is a junior user's ability to dilute that is actionable, not actual dilution in the marketplace").

On the other hand, probably the most comprehensive recent commentary on the whole historical evolution of dilution law says as flatly, in the course of a general criticism of the whole dilution concept, that "[i]n place of the 'likelihood of dilution' language of the state antidilution statutes, the [federal Act] . . . creates an *actual* dilution requirement—junior use of a mark must actually dilute the senior mark. . .." Klieger, *Trademark Dilution*, *supra* at 840 (emphasis in original). Then, however, asserting that to apply such an interpretation would "erect[ ] an impenetrable barrier to any federal dilution action," Klieger concludes that "Congress did not intend" what he thinks their Act plainly says. *Id.*

As indicated, we agree with Klieger's plain meaning interpretation of the Act. But we are not free to depart from that plain meaning, as he is free to offer the scholarly opinion that it does not reflect Congress' intention. *See Lake County v. Rollins*, 130 U.S. 662, 670, 9 S. Ct. 651, 32 L.Ed. 1060 (1889) (invoking the "plain meaning rule" and stating: "If the words convey a definite meaning, which involves no absurdity, nor any contradiction of other parts of the instrument, then that meaning, apparent on the face of the instrument, must be accepted. . ."). And, we also disagree with the further suggestion that to require proof of actual dilution would be to nullify the federal dilution action. As indicated, we believe that the actual dilution harm defined in the Act is susceptible to proof by ordinary processes, though with obvious difficulties given the substantive uncertainties of the harm and causation elements of the claim.

junior mark sufficiently similar to the famous mark to evoke in a relevant universe of consumers a mental association of the two that (2) has caused (3) actual economic harm to the famous mark's economic value by lessening its former selling power as an advertising agent for its goods or services.

B.

We turn now to Ringling's challenges to the district court's determination that on the evidence adduced, Ringling had not proved dilution under the federal Act. We review that determination, as one of mixed law and fact, under the clearly erroneous standard of Fed.R.Civ.P. 52(a). *See Miller v. Mercy Hosp., Inc.*, 720 F.2d 356, 361 (4th Cir.1983) (reversal is warranted under the clearly erroneous standard when "the findings under review were induced by an erroneous view of the controlling legal standard, or are not supported by substantial evidence, or were made without properly taking into account substantial evidence to the contrary or are against the clear weight of the evidence considered as a whole") (citations omitted); *cf. Jordache Enters. Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1489 (10th Cir.1987) (holding, in applying New Mexico antidilution statute, that "[d]ilution ... is a question of fact ... review[ed] under the clearly erroneous standard").

As indicated, that evidence consisted of the general background facts summarized in Part I of this opinion and the results of a consumer survey introduced by Ringling. The district court of course assessed the evidence under its interpretation of the Act, and because we agree with that interpretation, we review its findings against that legal standard. And, because the court looked separately at the consumer survey evidence and the "*Mead*" factors in assessing the overall weight of the evidence, we proceed in the same way.

1.

It is important to remember that in keeping with its legal theory that it need prove only an "instinctive mental association" of the two marks, Ringling's survey was designed to develop only that fact. And, correspondingly, that in assessing the evidence under its quite different interpretation, the district court was looking for more: for actual harm to the senior mark's capacity to "identify and distinguish" resulting from any mental association of the marks evoked for consumers by the junior mark's use.

We begin our review of the district court's assessment of the survey evidence by summarizing the survey's methodology and results. The survey was conducted by interviewing individuals at seven shopping malls throughout the country, including one in Utah. At each location, randomly selected shoppers were presented with a card containing the fill-in-the-blank statement "THE GREATEST _____ ON EARTH" and were asked what word or words they would use to complete the phrase. If the shoppers completed the statement, they were asked with whom or what they associated the completed statement. And, they were asked further whether they could think of any other way to complete the statement, and with whom or what they associated the resulting statement.

The survey results showed that in Utah (1) 25% of the respondents completed the statement THE GREATEST _____ ON EARTH with only the word "show" and associated the completed statement with the Circus; (2) 24% completed the statement with only the word "snow" and associated the completed statement with Utah; and (3) 21% of respondents completed the statement with "show" and associated the result with the Circus and also completed the statement with "snow" and associated the completed statement with Utah. The survey further showed that outside of Utah (1) 41% of respondents completed the statement

THE GREATEST _____ ON EARTH with only the word "show" and associated the completed statement with the Circus; (2) 0% completed the statement with only the word "snow" and associated the completed statement with Utah; and (3) fewer than 0.5% of respondents completed the statement with "show" and associated the result with the Circus and also completed the statement with "snow" and associated the completed statement with Utah. (*Id.* at 484.)

The district court concluded that this evidence failed to show dilution under the Act. In the first place, the court found the survey results inadequate to prove that consumers even made the requisite threshold mental association of the marks. When faced with the fill-in-the-blank phrase, "The Greatest _____ on Earth," some consumers filled in the blank with both the words "show" and "snow." When asked with whom or what they associated the completed phrase "the Greatest Show on Earth," virtually every consumer—inside Utah and outside Utah—indicated in one way or other that they only associated Ringling's circus with that phrase. When asked with whom or what they associated the completed phrase, "The Greatest Snow on Earth," every single consumer—inside Utah and outside Utah—indicated that they only associated Utah with the completed phrase. Not one consumer indicated that he associated the phrase, "The Greatest Show on Earth" with the phrase, "The Greatest Snow on Earth." Summarizing these results, the district court concluded that they were "strong evidence of the absence of dilution, not the presence of it," 955 F. Supp. at 617, that is, that they tended to disprove rather than to prove the required threshold mental association of the marks.

And the court found the survey results even more lacking as proof that Utah's use of its mark had caused any "lessening" of the "capacity" of Ringling's trademark slogan to "identify and distinguish" its circus as the mark's subject. Specifically, the court pointed to survey results indicating

that consumer familiarity with Ringling's mark was greater in Utah (46%), where Utah's mark was well-known, than in the rest of the country (41%), where Utah's mark was virtually unknown, and that virtually every viewer questioned associated Ringling's mark (as distinguished from the fill-in-the-blank slogan) with, and only with, the Ringling circus and not "with Utah, with wintersports, or with any activities that are attributable to Utah's use of [its mark]." *Id.* at 618.

We affirm as not clearly erroneous the district court's assessment that the consumer survey evidence does not support a finding of dilution under the federal Act. While we might have some concern with the implicit finding that this evidence does not even show the requisite threshold "mental association" of the two marks within the consumer market surveyed, we have no concern respecting the specific finding that the survey evidence does not show that use of Utah's junior mark had caused any actual harm to Ringling's mark in the form of a lessening of that mark's former capacity to identify and distinguish Ringling's circus as its subject. And that, of course, suffices to support the court's ultimate conclusion.

Ringling makes several challenges to this assessment of its survey evidence. We address only its principal contention: that the court's assessment was flawed by a legal misapprehension that the "mental association" of marks requisite to proof of dilution must go beyond mere association of the marks in isolation and involve some mistake or confusion as to the marks and their respective goods or services. This was indeed the court's position, and it of course traces to the court's correct interpretation of the Act which, at odds with Ringling's position, requires not just proof of visual similarity sufficient to evoke mental association of the marks, but actual harm resulting from that association to the senior mark's selling power. While we

might not have expressed the broader "mental association" requirement in exactly those terms, we think it accurately captured the proof requirements imposed by that court's legal interpretation, which we have affirmed as the correct one. What the district court was saying in effect was this. If you seek to rely for proof of dilution only upon evidence of the mental impressions evoked in consumers upon viewing the marks, then those impressions must go beyond mere recognition of a visual similarity of the two marks to allow a reasonable inference that the junior mark's use has caused actual harm to the senior mark's selling or advertising power.

That accurately reflects the interpretation of the Act that we have affirmed and confirms that the court's assessment of the survey evidence under that legal interpretation must be affirmed.

2.

We discuss only briefly the district court's alternative assessment of the evidence under the so-called "*Mead* factors." Recognizing that this judicial fact-finding process had been used by various courts as a device by which the "likelihood of dilution" might be inferred under state antidilution statutes from a set of relevant factors—similarity of marks, similarity of products, consumer sophistication, predatory intent, and renown of the two marks—the court, somewhat puzzlingly, undertook to apply it to this claim brought under the federal Act. Doing so on the basis of a run-through of the whole set and a final "balancing" of their separate indicators, the court concluded that neither did that evidence "demonstrate by a preponderance . . . that Utah's mark lessens the capacity of [Ringling's mark] to identify and distinguish Ringling's circus." *Id.* at 622.

Ringling of course challenges the court's fact-finding by that process, suggesting that some of the factors are wholly inappropriate under the federal Act, and that if applied under that Act they require a different weighting than

that accorded them by the district court. Utah of course defends the court's use of the device, but has to confess the inappropriateness of some of these factors developed under state antidilution statutes to cases under the federal Act.

We are persuaded, in agreement with other courts and commentators, and in probable agreement with some of the obvious discomfort of both parties in this case, that, by and large, the *Mead*-factor analysis simply is not appropriate for assessing a claim under the federal Act. *See* Lund, 163 F.3d at 49-50; *See* also Klieger, *Trademark Dilution*, *supra* at 826-27. As we have earlier noted, the process has obvious utility in making the long leaps of inference that can be used to find a mere "likelihood of dilution," but inferring actual harm and effective causation from such factors as "consumer sophistication," and "predatory intent" is a chancy process at best. Indeed, of the factors, only mark similarity and, possibly, degree of "renown" of the senior mark would appear to have trustworthy relevance under the federal Act. *See* 3 *McCarthy*, *supra* § 24:94.1.

In consequence, we conclude that though the district court's use of this process as a complementary fact-finding process was inappropriate, its use can be treated as one having no ultimate prejudicial effect upon Ringling as appellant.

3.

We conclude this part of our discussion with some observations about the problems associated with proving dilution under the federal Act interpreted, as we do, to require proof of actual dilution caused by junior mark use. We think this is directly relevant to the interpretive issue on which this case turns.

Courts must of course presume in interpreting statutes creating new civil causes of action that they have enforceable substantive content. So, within permissible interpretive

bounds, they must seek to find such a meaning rather than ascribe to Congress the intended or inadvertent doing of a vain legislative deed. One reason to shy away from a possible interpretation—indeed, one reason to find it not possibly the intended legislative meaning—is that it defies proof by the ordinary processes of advocacy. That interpretive phenomenon is apparent in the early reactions of courts and commentators to the federal Act's dilution concept.

The difficulties of proving actual dilution by practically available means is evident—as we have recognized, at length. It may have led a few federal courts early on simply to assume, without facing up to the interpretive difficulty of doing so, that the federal Act only requires proof of a "likelihood of dilution." *See Elvis Presley Enters., Inc. v. Capece*, 950 F. Supp. 783, 797 (S.D.Tex.1996), *rev'd on other grounds*, 141 F.3d 188 (5th Cir.1998); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 209, 211 (S.D.N.Y.1996); *Hartz & Co., Inc. v. Italia, Inc.*, No. 97 Civ. 5657(RO), 1998 WL 132787, at *1 & n. 9 (S.D.N.Y. Mar. 24,1998). Going this route permits proof of federal Act dilution by the long leaps of inference to, and judicial presumption of, future harm that have been considered allowable by some courts applying state antidilution statutes. And, it avoids the problems of proving actual, consummated harm effectively caused by junior mark use.

On the other hand, the perceived difficulties could lead to an interpretation that effectively requires proof of actual harm only to the mark's distinctiveness as such. This in fact is what the dilution-policy critic, Klieger, suggests must have been the intended meaning—though it was not the plain meaning—of the federal statute as enacted. *See* Klieger, *Trademark Dilution*, *supra* at 840-41.

We think that proof of actual dilution cannot be considered impossible and therefore not possibly what Congress could have intended. Proof will be difficult, because actual, consummated dilutive harm and its cause are difficult concepts. But the concept is a substantively viable one, and the means of proof are available.

It surely must be possible in the marketing world that the replicating use of a "famous" mark causes it actually to lose to some extent the "selling power" deriving from its distinctiveness that it formerly had. And, without attempting to chart the exact shape and course of advocacy that might prove that occurrence, we think three general means are available. Most obviously, but most rarely, there might be proof of an actual loss of revenues, and proof of replicating use as cause by disproving other possible causes. Most obviously relevant, and readily available, is the skillfully constructed consumer survey designed not just to demonstrate "mental association" of the marks in isolation, but further consumer impressions from which actual harm and cause might rationally be inferred. *See Bible, Defining and Quantifying Dilution*, *supra* at 327-28 (proposing a survey designed to prove actual dilution and noting: "An effective survey . . . must establish not only that consumers associate the mark with both parties, but also that some quanta of the original mark's identifying ability or selling power has been diminished."). Finally, relevant contextual factors such as the extent of the junior mark's exposure, the similarity of the marks, the firmness of the senior mark's hold, are of obvious relevance as indirect evidence that might complement other proof.

III.

We turn finally to Ringling's challenge to the district court's order striking its demand for a jury trial. The district court first concluded that the Act did not provide a right to jury trial. *See Ringling Bros.- Barnum & Bailey, Combined*

Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 598, 599-601 (E.D.Va.1997). Turning to whether the Seventh Amendment, however, compels the right the court noted that except where a defendant "willfully intended . . . to cause dilution," the only remedy available to a dilution plaintiff is an injunction. *See id.* at 603 (*quoting* 15 U.S.C. § 1125(c)(2)). And, it then properly held that "where only an injunction is available to remedy dilution, the Seventh Amendment does not compel a jury trial." *Id.*; *See generally* 9 Charles Alan Wright & Arthur R. Miller, Federal Practice & Procedure § 2308 (2d ed. 1994) ("[T]here is no constitutional right to a jury trial on a claim for an injunction."). And, then concluding that Utah was entitled to summary judgment on the issue of "willful intent," the district court ruled that because Ringling was therefore limited to injunctive relief on its dilution claim, it was not constitutionally entitled to a jury trial. *See* 955 F. Supp. at 603. "Alternatively," the district court held, "even if 'willful intent' is shown, the Seventh Amendment does not compel a jury trial for Ringling's dilution claim because there is no evidence of damages and the remaining remedies in §§ 1117(a) and 1118 are wholly equitable." *Id.*[7]

Ringling argues that the district court erred in granting summary judgment on the issue of willful intent. And, conceding as it must that it failed to introduce any evidence of actual damages, Ringling argues that this should not disentitle it to jury trial because a "reasonable royalty"

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[7] 15 U.S.C. § 1125(c)(2) provides that if willful intent is proven, in addition to an injunction, the dilution plaintiff is entitled to the remedies set forth in 15 U.S.C. §§ 1117(a) and 1118. Section 1117(a) provides for the recovery of (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. *See* 15 U.S.C. § 1117(a). Section 1118 provides for destruction of the offending articles. *See id.* § 1118.

should be awarded as monetary relief in lieu of actual damages. (Appellant's Br. at 32-39.) [8]

We review the district court's summary judgment ruling de novo. *See Egbuna v. Time-Life Libraries, Inc.*, 153 F.3d 184, 186 (4th Cir.1998). Because we conclude that the district court did not err in granting Utah's motion for summary judgment on the issue of willful intent, we need not address whether it might alternatively have been granted because of the lack of any evidence of actual damages. And, because even if there were a constitutional right to jury trial on the willfulness issue, it would not be infringed by a proper disposition of the issue by summary judgment, *See Moore's Federal Practice*, § 38.12[3][a][i], we may reserve decision on the constitutional question for another day. *See Ashwander v. Tenn. Valley Auth.*, 297 U.S. 288, 347, 56 S. Ct. 466, 80 L.Ed. 688 (1935) (Brandeis, J., concurring.).

Ringling contends that the district court "embraced an incorrect legal standard for proving willfulness," erroneously requiring it to show that Utah had developed a willful intent when it adopted its mark. (Appellant's Br. at 37.) According to Ringling, the Act "places no temporal limitation on when the junior mark owner develops an intent, but only that the junior user does develop such an intent." (*Id.* at 37 n. 15 (emphasis omitted).) This argument, even if successful,would not carry the day for Ringling for even if all of Ringling's evidence of willful intent, without temporal limitation is considered, it does not suffice to raise a genuine issue of material fact.

Ringling proffers two pieces of evidence on the issue. First, it proffers evidence that Utah produced promotional

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[8] In the district court, Ringling "conceded that the value of its mark for licensing had not diminished and that it had no evidence of damages." 955 F. Supp. at 605.

merchandise for the 2002 winter Olympics that included the Utah Olympic symbol and the GREATEST SNOW mark. While there can be no willful intent to dilute without use of the allegedly diluting mark, that standing alone does not suffice. The second item of evidence, building on the first, is that Utah had access to the GREATEST SHOW mark prior to the time Utah adopted its mark and that the marks are strikingly similar. As the district court noted, however, Utah's adoption and use of its mark notwithstanding its knowledge of Ringling's mark, is "as consistent with a belief that Utah's mark does not dilute as . . . with an allegation of 'willful intent.' " *See* 955 F. Supp. at 603-04. And, as the district court noted, the record reflects that Utah had a good faith, reasonable belief that its use of the GREATEST SNOW mark was lawful. *See id.* at 604 & n. 16. The two items of evidence do not suffice when considered together to create a genuine issue of material fact precluding summary judgment.

For these reasons we conclude that the district court properly granted Utah's motion for summary judgment on the issue of willfulness and on that basis properly struck Ringling's demand for a jury trial.

AFFIRMED.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC., Plaintiff,	)	
v.	)	Civil Action No. 96-788-A
UTAH DIVISION OF TRAVEL DEVELOPMENT, Defendant.	)	

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This is a trademark dilution suit in which plaintiff, Ringling Bros.-Barnum & Bailey Combined Shows, Inc. ("Ringling") contends that the use of the mark THE GREATEST SNOW ON EARTH by defendant, Utah Division of Travel Development ("Utah"), has diluted Ringling's famous mark, THE GREATEST SHOW ON EARTH, in violation of 15 U.S.C. § 1125(c).

After completion of discovery and pretrial proceedings, the matter came before the Court for a bench trial on February 10, 1997.[1] There, the parties stipulated various undisputed facts and presented additional testimonial and documentary evidence. Each party presented three witnesses. Testifying for Ringling were a marketing and

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[1] Ringling's jury request was denied for the reasons set forth in a Memorandum Opinion dated February 21, 1997. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 955 F. Supp. 598.

survey expert, Michael Rappeport, and two Ringling executives, Jeff Meyer, a Ringling employee with co-promotion responsibilities, and Arthur Ricker, Ringling's vice-president in charge of marketing. In response, Utah also presented two executives, Dean Reeder, director of Utah's Division of Travel Development, and Mark Menlove, president of Ski Utah, and its own survey expert, William Weilbacher, who, because of illness, appeared by deposition. After hearing the evidence and counsel's oral arguments, the matter was taken under advisement. Set forth here, pursuant to Rule 52, Fed. R. Civ P., are the Court's findings of fact and conclusions of law.

I. FINDINGS OF FACT

1. Ringling is a Delaware corporation, with its principal place of business in Vienna, Virginia.

2. Since the 1870's Ringling and its predecessors in interest have used and been associated with the mark THE GREATEST SHOW ON EARTH.

3. Ringling is the owner of the service mark THE GREATEST SHOW ON EARTH which bears United States Registration No. 724,946. This trademark issued on December 5, 1961, for entertainment services in the nature of a circus. It remains valid and in full force and effect. Ringling also owns other related registrations for the mark THE GREATEST SHOW ON EARTH and THE GREATEST SHOW ON EARTH & Globe Design for entertainment services as well as products.

4. P.T. Barnum's Circus began using the trademark THE GREATEST SHOW ON EARTH in connection with its circus in 1872. In 1919, Ringling Circus and Barnum & Bailey Circus merged to form Ringling Bros.-Barnum & Bailey Circus. Beginning in 1872 and continuing through the present, Ringling and its predecessors

in interest have continuously offered the Circus to the public under the mark THE GREATEST SHOW ON EARTH.

5. Since its inception, Ringling has relied on promotional campaigns using the mark to advertise upcoming Circus performances at a particular location.

6. The tour itinerary of the Circus today, which is similar to the itinerary used in the early years of the Circus, is extensive, taking the Circus, advertised as THE GREATEST SHOW ON EARTH, by rail to cities throughout the United States.

7. Today, the Circus appears annually in major cities for weeks at a time and in smaller cities for two or more days at a time. Approximately 1,000 shows per year are presented to approximately 12 million people in 95 cities. As a result, more than 70 million people each year are exposed to the mark THE GREATEST SHOW ON EARTH in connection with the Circus.

8. Revenues derived from goods and services bearing or using the mark THE GREATEST SHOW ON EARTH, including Circus ticket sales and sales of concession items sold at the Circus are substantial; they exceeded $103 million for the single fiscal year ending January, 1997.

9. The Circus has two units—the Red Unit and the Blue Unit. Each Unit includes feature acts and runs for a two-year season. For example, the Red Unit currently features David Larible and celebrates the 127th edition of RINGLING BROS.-BARNUM & BAILEY's THE GREATEST SHOW ON EARTH, and the Blue Unit features Airiana, the Human Arrow.

10. The Circus has been an American entertainment event for more than 125 years.

11. Ringling expends substantial effort to ensure that the mark THE GREATEST SHOW ON EARTH is not used in any altered form. It is Ringling's policy that any promotional activities conducted with third parties are subject to Ringling's guidelines, including the requirement that the mark THE GREATEST SHOW ON EARTH may only be used to describe services and products provided by Ringling and may not be used to connote any other entity or event. Thus, Ringling's mark is used only in reference to the Circus.

12. Ringling also monitors the use of its mark or similar marks through an enforcement program, which notifies alleged diluters or infringers of Ringling's trademark rights.

13. Ringling uses a number of techniques for prominently advertising and promoting the Circus by using the mark THE GREATEST SHOW ON EARTH. This advertising and promotion includes print advertising, radio, television, videos, outdoor billboards, direct-mail pieces, press announcements, posters, program books, souvenirs and joint promotions with other companies. In the fiscal year ending January, 1997, expenditures on advertising using the mark THE GREATEST SHOW ON EARTH totaled approximately $19,000,000.

14. Prior to a Circus performance in a city, Ringling advertises in local media using the mark THE GREATEST SHOW ON EARTH. Typically, Ringling begins to advertise the Circus using the mark THE GREATEST SHOW ON EARTH in the print media and on television and radio for two months prior to the first Circus engagement in a particular city. In 1996 alone, there were 6.5 billion reproductions or impressions of the mark THE GREATEST SHOW ON EARTH in markets where the Circus performed.

15. Through its joint promotion program, Ringling provides Circus tickets to certain retailers for distribution to customers. In return, these retailers pay for print advertising and television and radio advertising of their services in association with Ringling's trademarks including, among others, THE GREATEST SHOW ON EARTH. Virtually all joint promotions include the prominent display of the mark THE GREATEST SHOW ON EARTH, resulting in significant additional exposure of the mark to the public. Ringling has engaged in joint campaigns with companies that provide a wide variety of services. By way of example, there have been joint promotions with restaurants, supermarkets, drug chains, department stores, electronics stores, and clothing stores.

16. The mark THE GREATEST SHOW ON EARTH is currently under a joint sponsorship arrangement with Sears, and under license agreements with the MBNA credit card, Cheeseborough-Ponds, and other parties who produce such diverse goods as calendars, food products, candy, bronze miniatures and Franklin Mint clocks.

17. Because of the Circus' renown, Ringling's mark, THE GREATEST SHOW ON EARTH, receives substantial free publicity, much of which is unsolicited. Such publicity includes newspaper and magazine articles. Moreover, the Circus has been the subject of books, radio and television features, and motion picture productions.

18. Through the advertising and promotion efforts of Ringling, the mark THE GREATEST SHOW ON EARTH is identified in the public mind with the Ringling Circus, and creates good will and publicity value for the mark THE GREATEST SHOW ON EARTH.

19. As a direct result of the promotion and protection of its mark, Ringling, over a period of several decades, has caused the mark THE GREATEST SHOW ON EARTH to be identified in the public mind solely with

Ringling and its Circus, thereby creating publicity value for the mark.

20. Utah Division of Travel Development is an agency of the State of Utah, located and doing business in Salt Lake City.

21. At some time prior to the effective date of the Dilution Act, at a time when THE GREATEST SHOW ON EARTH was a famous trademark, Utah began using THE GREATEST SNOW ON EARTH in connection with Utah tourism services.

22. Utah used THE GREATEST SNOW ON EARTH as early as 1962 to advertise its winter skiing facilities.

23. Prior to the time that Utah adopted the mark THE GREATEST SNOW ON EARTH, Ringling advertised and promoted its mark in Utah in connection with the Circus.

24. The Utah Attorney General issued a legal opinion in 1965 concluding that the mark "Utah for the Greatest Snow on Earth" does not impair or violate Ringling's mark THE GREATEST SHOW ON EARTH.

25. Utah registered its mark with the State of Utah in 1975, renewed its registration in 1985 and 1995, and its registration is current.

26. Utah submitted an application to the U.S. Patent and Trademark Office to register its mark THE GREATEST SNOW ON EARTH in 1988. Ringling filed a formal opposition to Utah's right to register its mark. A three-member panel of the U.S. Trademark Trial and Appeal Board rendered a unanimous 16-page decision on December 13, 1995, granting Utah the right to register its mark and dismissing Ringling's opposition. This decision specifically states that dilution is not a valid basis for opposing a trademark application. Ringling filed a notice of appeal of

the decision of the Trademark Trial and Appeal Board, but later voluntarily dismissed its appeal. Utah was granted federal registration for its mark THE GREATEST SNOW ON EARTH on January 21, 1997.

27. THE GREATEST SHOW ON EARTH was promoted by Ringling in Utah in connection with its performances and related merchandise on 37 different dates over the years 1905-1958, and since that time, the Circus has performed in Utah on 156 different dates.

28. Utah has used THE GREATEST SNOW ON EARTH in advertisements in the magazines SKI, SKIING, or both, every year from 1962 to the present, except 1963, 1977, and 1989.

29. Utah has consistently used, and continues to use, the mark THE GREATEST SNOW ON EARTH to promote winter tourism in the state of Utah.

30. Utah has authorized the Utah Ski Association ("Ski Utah"), an association of private and governmental entities, to use the mark THE GREATEST SNOW ON EARTH in connection with Ski Utah's promotion of Utah tourism. All of Ski Utah's stationery and business cards bear the mark THE GREATEST SNOW ON EARTH, and have done so since 1991.

31. Utah's entire budget for the 1995-96 winter tourism advertising campaign was $450,000, and Ski Utah's 1995-96 marketing budget was $683,401. For each of the past fifteen years, Utah's budget for winter advertising that includes THE GREATEST SNOW ON EARTH, has ranged from $300,000 to $450,000.

32. Utah received no revenues beyond its legislative appropriation, which covers only Utah's expenses.

33. Ski Utah mailed a media release for Fall/Winter 1995-96 entitled "UTAH STARS AS THE

MAIN ACT IN THE GREATEST SNOW ON EARTH." Ski Utah used phrases such as "Utah is the main, show stealing act:", and "Get your tickets to The Greatest Snow on Earth."

34. During the 1996-97 marketing campaign, Utah created a homepage on the Internet. This homepage is linked with another Internet site maintained by Ski Utah which uses the mark THE GREATEST SNOW ON EARTH.

35. Utah has never used its mark THE GREATEST SNOW ON EARTH in connection with, or in the context of, a circus.

36. Ringling has never used its mark in connection with winter sports in Utah.

37. Utah occasionally uses ad copy that does not include THE GREATEST SNOW ON EARTH to promote its winter, ski-related tourism. For example, in the past year, Utah has used "Utah. Winter Wonder Full,"; "Utah. Let The Games Begin"; and "Utah. America's Winter Choice".

38. In an effort to demonstrate dilution of its mark, Ringling retained a marketing firm, RL Associates, to design and conduct a survey of consumers. The goal was to measure recognition and dilution of Ringling's famous mark, THE GREATEST SHOW ON EARTH. The survey was conducted by interviewing individuals at seven malls in geographically diverse locations throughout the country. One of the malls was located in the state of Utah. At each mall location, randomly selected shoppers were presented with a series of three file cards containing typed statements. Each statement was a "fill-in- the-blank", with a key term missing. The first two statements were controls, namely, "I LOVE" _____ and "DON'T LEAVE _____ WITHOUT IT". The third statement was the relevant statement, "THE GREATEST _____ ON EARTH". On being shown each card, the shopper was asked what word or words they would

use to complete the statement. If the shopper answered "none", the interviewer moved on to the next card. If the shopper completed the statement, he or she was then asked with whom or what they associated the completed statement. Shoppers completing the statement were asked further whether they could think of any other way to complete the statement, and with whom or what they associated that completed statement.

39. Ringling's expert evaluated the survey results in an attempt to answer two questions: (i) is THE GREATEST SHOW ON EARTH a well known and famous mark associated uniquely with Ringling, and (ii) does Utah's mark lessen the "uniqueness" of Ringling's mark, and its association with the Circus, in Utah.[2] To address the first question, Ringling's expert presented results of the survey by comparing public awareness of THE GREATEST SHOW ON EARTH and the association of the mark with Ringling, with public awareness of the mark DON'T LEAVE HOME WITHOUT IT and American Express. Ringling contends that this comparison is informative because DON'T LEAVE HOME WITHOUT IT has been held by courts to be a famous slogan.[3] To address the second question, Ringling's expert presented results of the survey by comparing the responses to the statement THE GREATEST _____ ON

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[2] *See* RL Associates, Recognition Levels and Potential for Dilution of THE GREATEST SHOW ON EARTH 2 (April 1996)(expert report prepared for plaintiff) ("Rappeport Report").

[3] *See* Rappeport Report, at 10. The Rappeport Report does not cite support for its contention that DON'T LEAVE HOME WITHOUT IT has been held by courts to be a famous mark. Nevertheless, that contention is the report's justification for using DON'T LEAVE HOME WITHOUT IT as a relative measure of the fame of Ringling's mark, THE GREATEST SHOW ON EARTH.

EARTH in Utah with responses from elsewhere in the country.

40. With respect to the fame of the mark and its unique association with Ringling, the survey results reflect (i) that 52% of respondents in Utah and 44% of respondents outside of Utah completed the statement DON'T LEAVE WITHOUT IT with the word HOME, and associated the completed statement with American Express; and (ii) that 46% of respondents in Utah and 41% of respondents outside of Utah completed the statement THE GREATEST _____ ON EARTH with the word SHOW, and associated the completed statement with the Circus.

41. With respect to the question of dilution of Ringling's mark in Utah, the survey results show that within Utah (i) 25% of respondents completed the statement THE GREATEST _____ ON EARTH with only the word SHOW and associated the completed statement with the Circus; (ii) 24% completed that statement with only the word SNOW and associated the completed statement with Utah; and (iii) 21% of respondents completed that statement with SHOW and associated the result with the Circus and also completed this statement with SNOW and associated the completed statement with Utah. So in Utah, a total of 46% of respondents completed the statement THE GREATEST _____ ON EARTH with the word SHOW and associated the completed statement with the Circus, and a total of 45% of respondents completed that statement with the word SNOW and associated the completed statement with Utah. The survey further reflects that outside of Utah (i) 41% of respondents completed the statement THE GREATEST _____ ON EARTH with only the word SHOW and associated the completed statement with the Circus; (ii) 0% completed that statement with only the word SNOW and associated the completed statement with Utah; and (iii) fewer than 0.5% of respondents completed that statement

with SHOW and associated the result with the Circus and also completed this statement with SNOW and associated the completed statement with Utah.

II. CONCLUSIONS OF LAW

Ringling claims that Utah's mark violates the Lanham Act ("the Act"), which was amended on January 16, 1996 to include a federal cause of action for dilution, 15 U.S.C. § 1125(c). In a federal dilution action, a plaintiff bears the burden of proving (i) that it owns a famous mark, (ii) that the defendant adopted its mark after the plaintiff's mark became famous, and (iii) that defendant's mark dilutes the famous mark. *See Clinique Laboratories, Inc. v. Dep. Corp.*, 945 F. Supp. 547, 561 (S.D.N.Y.1996).

The facts reflect,[4] and Utah does not contest, that Ringling has demonstrated the first two elements of a dilution claim, namely that Ringling's mark, THE GREATEST SHOW ON EARTH, is a famous mark and that Utah's mark was adopted after THE GREATEST SHOW ON EARTH became famous. Thus, the heart of this dispute is the third element, whether Utah's mark dilutes or has diluted Ringling's mark. And resolution of this dispute requires elucidating the concept of dilution under the Act and determining how this phenomenon can be detected or measured.

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[4] Over 40% of respondents in the United States, both inside and outside of Utah, were able (i) to complete the incomplete phrase THE GREATEST _____ ON EARTH with the word SHOW to form Ringling's mark, THE GREATEST SHOW ON EARTH, and (ii) to associate that mark with the Circus. This percentage is substantially the same as those respondents who were able to correctly associate DON'T LEAVE HOME WITHOUT IT and American Express.

When Congress amended the Act in 1996 to allow a dilution claim, it was not venturing into uncharted territory. Several states already allowed such claims. Interestingly, courts applying state dilution statutes have variously observed that dilution is "a somewhat nebulous concept"[5] and that its application involves navigating in the "murky waters" of anti-dilution analysis.[6] Against this background, Congress, in 1996, chose to define dilution as

> the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.

15 U.S.C. § 1127. While making clear what dilution is, namely, the erosion of a famous mark's power to identify and distinguish goods and services,[7] the Act does not specify how

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[5] *See Sally Gee. Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2nd Cir.1983) (construing New York anti-dilution statute).

[6] *See Mead Data Cent., Inc. v. Toyota Motor Sales*, 875 F.2d 1026, 1034 (2nd Cir.1989) (Sweet, J. concurring)("construing New York anti-dilution statute").

[7] In creating the dilution action, Congress specified that this erosion is actionable notwithstanding the existence of competition or likelihood of confusion, in contrast to the Act's long-standing cause of action for direct infringement, wherein a famous mark owner is required to demonstrate that the use of an imitative mark "is likely to cause confusion, or to cause mistake, or to deceive." *See* 15 U.S.C. § 1114. Infringement, then, essentially requires that the protected and imitative marks be used in connection with competing goods and services or that there exists some potential for source confusion. A federal dilution claim, by contrast, shifts the focus away from consumer protection and towards the protection of an owner's quasi-property right in a famous mark, itself. *See, e.g.*, Malla Pollack, *Time to Dilute the Dilution Statute* (...continued)

dilution occurs or how it may be detected or measured. Courts applying state dilution statutes recognize that dilution occurs in either of two ways: (i) when a junior mark causes "tarnishment" of the famous mark and (ii) when the use of the junior mark causes "blurring" of the famous mark's power to identify and distinguish goods and services. *See, e.g., Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2nd Cir.1989)(applying New York anti- dilution statute). Although the Act does not specifically mention either of these effects, both are appropriate elucidations of the dilution concept given that both were contemplated by the Act's drafters and are consistent with the Act's purpose. *See Clinique*, 945 F. Supp. at 561 (*citing* H.R.Rep. No. 374, 104th Cong., 1st Sess. 3 (1995) ("[The amendments] protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it. . . .")).

Dilution through tarnishing can occur where an accused, junior mark is used on unwholesome or inferior goods or services that may create a negative association with the goods or services covered by the famous mark. *Deere & Co. v. MTD Products, Inc.*, 41 F.3d 39, 43 (2nd Cir.1994)(construing New York anti-dilution statute).[8] No tarnishing exists here. Ringling has not produced any evidence of tarnishment of its mark, nor does it contend that Utah's mark creates the risk of negative associations with the

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and What Not To Do When Opposing Legislation, 78 J. Pat. & Trademark Off. Soc'y 519, 520 (1996).

[8] For example, an adult entertainment provider was found to dilute Hasbro's "Candy Land" mark when it used the name Candyland to identify its sexually explicit Internet site. *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 1996 WL 84853, at *1 (W.D.Wash.1996).

Ringling Circus. Accordingly, Ringling cannot recover under the tarnishment theory of dilution.

Blurring is the diluting effect Ringling complains of here. Specifically, Ringling contends that the power of its famous mark has been diluted through blurring caused by the use of Utah's similar, but junior mark. Not every use of a similar mark will blur a famous mark. As Utah's counsel pointed out at trial, the human mind has the capacity to recognize the distinctiveness of a multiplicity of concepts, ideas and images without confusion or association. And this is true even where the concepts are closely related, or where the words signifying different concepts are similar in form or sound. The question presented is what uses of a similar, junior mark dilute a senior mark. And in this inquiry, it is necessary to describe blurring with greater specificity.

Blurring has been variously described by courts as the use or modification of a famous mark "to identify the defendant's goods and services",[9] as "a 'whittling away' of the selling power of the mark",[10]] and as a use that causes the famous mark to "no longer . . . call immediately to mind" the

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[9] *See, e.g., Clinique*, 945 F. Supp. at 562 (construing the Act but citing *Deere & Co. v. MTD Products, Inc.*, 41 F.3d 39, 43 (2nd Cir.1994), a case construing New York anti-dilution provision) ("Dilution by blurring occurs where 'the defendant uses or modifies the plaintiff's trademark to identify the defendant's goods and services, raising the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product.' . . . [B]lurring is concerned with an injury to the mark's selling power . . .").

[10] *Panavision Intern., L.P. v. Toeppen*, 945 F. Supp. 1296, 1304 (C.D.Cal.1996) (construing the Act) ("'Blurring' involves a 'whittling away' of the selling power and value of a trademark by unauthorized use of the mark.")

plaintiff's goods or services.[11] These formulations are not helpful in bringing blurring into sharper focus. To define blurring as "a whittling away" begs the question of what uses of a mark blur or whittle away a famous mark and how this effect can be detected or measured. Similarly, simply saying that blurring occurs when the famous mark becomes identified with the goods or services of a junior mark user is to do no more than repeat the words of the Act defining dilution as the lessening of a famous mark's ability to identify goods or services.

Similarly, an examination of the definition of "blurring" does little to advance the analysis. Webster's Third New International Dictionary defines the verb "to blur", in part, as "to make dim, indistinct, or vague in outline or character" and, alternatively, as "to make dim, imperfect or confused (as the senses or mental faculties)". And the term "blurred" is defined, in part, as "characterized by dimness, indistinctness, or obscurity . . .: VAGUE, CONFUSED". These definitions parallel the statutory definition of dilution, which focuses on a famous mark's power to identify distinctly goods or services. Interestingly, these definitions also refer to "confusion", a factor that Congress specifically made irrelevant to a dilution claim. Yet, confusion is indeed inherent in blurring dilution and, hence, it is worth distinguishing between the confusion inherent in dilution by blurring and the confusion excluded from the dilution inquiry by § 1127 of the Act.

In a classic infringement action, a plaintiff must demonstrate that a defendant's use of a junior mark "is likely

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[11] *Exxon Corp. v. Exxene Corp.*, 696 F.2d 544, 550 (7th Cir.1982) (construing the Illinois state anti-dilution statute) ("No longer would the [famous mark] call immediately to mind the [covered product]. The mental image would be blurred. . .")

to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114. This provision seeks to protect consumers from junior marks that intentionally or incidentally mislead.[12] And in that context, "confusion" refers to a "source confusion", *i.e.*, that consumers seeing the junior mark will believe that the goods or services bearing that mark come from or are in some way affiliated with the owner of the senior mark. "Source confusion" is irrelevant to the dilution inquiry. Dilution is concerned not with protecting consumers, but with protecting a property interest held by the owner of a famous mark. *See supra*, note 7. Yet, as the definition of blurring reflects, dilution by blurring involves a type of confusion, albeit different from "source confusion". Blurring results from an incorrect association of the marks in consumer's minds. *See, e.g., Mead Data*, 875 F.2d at 1031 ("[T]here must be some mental association between plaintiff's and defendant's marks.").[13] And this association is mistaken or confused to the degree that the marks and the goods or services they identify are not and should not be associated. To the contrary, these marks and their owners are distinct, and should be seen and understood to be distinct by persons coming into contact with either mark. To the extent that persons seeing the marks mistakenly associate them, the

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[12] *See, e.g., Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2nd Cir.), *cert. denied*, 368 U.S. 820, 82 S. Ct. 36, 7 L.Ed.2d 25 (1961) (developing test to determine whether consumers are likely to be confused by junior mark).

[13] The *Mead Data* panel cited 2 J. McCarthy, *Trademarks and Unfair Competition* § 24.13 at 213-14 (2d Ed.1984):

> [I]f a reasonable buyer is not at all likely to link the two uses of the trademark in his or her own mind, even subtly or subliminally, then there can be no dilution. . .. [D]ilution theory presumes some kind of mental association in the reasonable buyer's mind between the two party's [sic] uses of the mark.

famous mark's power to identify and distinguish goods or services is diluted. Thus, while "source confusion" is irrelevant to the dilution inquiry, dilution by blurring entails confusion in that the famous and junior marks become wrongly or mistakenly associated in the minds of consumers.

The Act's causation requirement confirms the validity of the insight that dilution by blurring occurs when consumers mistakenly associate (or confuse) the two marks. It is not open to serious dispute that the Act requires a causal nexus between the use of the junior mark and the dilution of the famous mark.[14] It is precisely this causal nexus that is reflected in the mistaken or confused association of the marks in the minds of consumers and which, of course, results in the proscribed dilution of the famous mark. Put another way, famous marks can lose their distinctiveness or power to identify and distinguish goods and services for various reasons other than the use of a junior mark.[15] Absent a demonstration or reasonable inference of the causal nexus between the actionable dilution and a junior mark, a court cannot attribute the dilution to the junior mark's use.[16] This

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[14] *See* 15 U.S.C. § 1125(c)(1) (injunction available if junior mark "causes dilution of the distinctive quality of the [famous] mark").

[15] For example, a famous mark may lose its ability to identify goods or services because it becomes a part of the common lexicon as a generic reference to a type of product.

[16] This required nexus presents an interesting question on the facts of this case. Utah contends, and the record reflects, that its commercial use of the mark targets consumers outside of Utah. And outside of Utah, virtually no one is aware of Utah's mark. on the other hand, in Utah, significant numbers of people are aware of Utah's mark. But Utah's primary use of the mark in Utah is its display on the state's license plates, an allegedly noncommercial use. Significantly, a non-commercial use of a mark is not actionable under the anti-dilution provision of the Act. 15 U.S.C. § 1125(c)(4)(B). Thus, Utah argues, even if Ringling's mark is diluted in Utah, it is diluted by a non-commercial, and thereby (...continued)

nexus is demonstrated where consumers mistakenly link or associate the two marks.

Dilution by blurring, then, occurs where consumers mistakenly associate the famous mark with goods and services of the junior mark. In this way, the power of the senior mark to identify and distinguish goods and services is diluted. It follows that even if the famous and junior marks are quite similar, no blurring occurs where consumers do not mistakenly associate or confuse the marks and the goods or services they seek to identify and distinguish. An apt example of this occurred in *Mead Data*, 875 F.2d 1026.[17] There, the provider of a legal research service that used the name LEXIS sought an injunction against Toyota Motor Corporation's use of the mark LEXUS for a line of luxury automobiles. To recover for dilution, *Mead Data* was not required to show that consumers would mistakenly believe that the luxury automobiles bearing the LEXUS mark were built or supplied by the legal database provider. In other words, *Mead Data* did not have to show that the similar marks caused confusion as to the source of the products covered by the marks. But to show dilution, *Mead Data* was required to prove that its mark had lost some of its capacity to identify and distinguish its legal research services because of Toyota's use of LEXUS. This would occur only where a consumer seeing LEXIS does not think exclusively of legal

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unactionable, use. The causal link between Utah's commercial use of its mark and the dilution of Ringling's famous mark is not relevant to the disposition of this case.

[17] In *Mead Data*, the Second Circuit reversed the district court's holding that the use of LEXUS was likely to dilute the distinctive quality of the mark LEXIS, concluding (i) that LEXIS did not have a distinctive quality in the general public that LEXUS could dilute, and (ii) that persons for whom LEXIS would have a distinctive quality and meaning were sophisticated consumers and unlikely to associate the two uses of the marks. 875 F.2d at 1031-32

research, but also mistakenly associates that mark with automobiles.[18] This is the harm protected by the dilution statute. If no person ever associates the two uses of the marks, then there is no lessening of the capacity of LEXIS to identify legal research services caused by the use of LEXUS and, thus, no actionable dilution, notwithstanding the substantial similarity of the marks.

Given this elucidation of dilution by blurring, the next question in the inquiry is to consider how blurring can be shown or detected. Because the effect of blurring may manifest itself directly in harm to the selling power of the famous mark, dilution by blurring may be shown by proof that the use of a junior mark has caused a lessening of demand for the product or services bearing the famous mark or for use of the famous mark in co-promotions. Ringling concedes that neither has occurred here.[19] Unable to show any loss of its mark's selling power, Ringling seeks to show dilution by the direct evidence of a survey of consumers and indirectly or circumstantially by the application of a multi-factor balancing test. Each is separately addressed.

A. ***Survey Evidence***

Ringling contends that survey evidence demonstrates directly that, within Utah, Utah's mark dilutes Ringling's famous mark. Specifically, Ringling contends that, within

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[18] Thus, an association connotes more than knowledge of both the LEXIS and LEXUS marks. It is possible for a person to hold words and concepts separate in her mind even where the words or concepts are similar in form or sound. An association is created where the similarities are so great that a link between the two marks is formed that makes the famous mark call to mind the junior mark, or the goods and services covered by the junior mark.

[19] At oral argument Ringling conceded that the value of its mark for licensing had not diminished and that it had no evidence of any damages.

Utah, only 25% of respondents, compared to 41% nationwide, associate the incomplete statement THE GREATEST _____ ON EARTH with Ringling alone. Thus, by Ringling's lights, Utah's use of its junior mark has caused respondents in Utah to associate the uses of Ringling's and Utah's marks, thereby diluting THE GREATEST SHOW ON EARTH.

Utah attacks the survey on the basis of the survey's population universe, contending that the survey improperly focuses on shoppers generally in malls and not on wealthy travelers and skiers, the groups targeted by Utah's winter sports promotions. This attack fails. It is Ringling's famous mark that should be the focus of the dilution survey, for it is injury to that mark that is in issue. It follows that the survey's focus on shoppers generally—in essence a cross-section of the general population[20]—is appropriate because it is this universe of persons that comprises the market for Ringling's goods and services.

Yet, no evidence in the survey demonstrates that Utah's use of THE GREATEST SNOW ON EARTH lessens the capacity of THE GREATEST SHOW ON EARTH to distinguish Ringling's circus and associated merchandise. Instead, the evidence shows that Utah's junior mark THE GREATEST SNOW ON EARTH is virtually unknown outside of Utah, but well known within Utah. Thus, outside of Utah, the survey provides no evidence of dilution of THE GREATEST SHOW ON EARTH. Indeed, the survey seems to show conclusively that in the whole of the country outside of Utah, Utah's mark has caused no dilution of Ringling's famous mark.

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[20] This assumes, probably correctly, that in this country's current culture the general population shops at malls and those who escape this experience are few and eccentric.

Within Utah, the survey provides no evidence that persons associate the mark THE GREATEST SHOW ON EARTH with Utah, snow or skiing. Survey respondents did not fill in the blank with SHOW and associate the result with Utah skiing. Nor did fewer respondents in Utah associate the famous mark with a circus. To the contrary, 46% of respondents in Utah, compared to 41% elsewhere, associated THE GREATEST SHOW ON EARTH with Ringling. Thus, the power of Ringling's famous mark to identify and distinguish the Circus is as strong within Utah, where the junior mark is ubiquitous, as it is outside of Utah, where the junior mark is essentially unknown. This is strong evidence of the absence of dilution, not the presence of it.

Within Utah, 21% of respondents filled in SHOW and SNOW and correctly associated the marks with the Circus and Utah, respectively. Survey data reflects no mistaken or confused association of the marks or the goods or services they identify. Further, 24% of respondents only filled in SNOW, and related the phrase to Utah. Yet, this does not demonstrate that Utah has lessened the capacity of THE GREATEST SHOW ON EARTH to identify and distinguish the circus. Rather it reflects that respondents had no difficulty keeping the two marks separate in their minds in terms of the goods and services each mark identifies and distinguishes.

Ringling contends that dilution is shown because its survey demonstrates that its mark shares "top of the mind" status in Utah with Utah's mark. In other words, Ringling contends that its mark no longer "call[s] immediately to mind" the circus in Utah. *See Exxon Corp.*, 696 F.2d at 550. Even assuming, *arguendo*, that "top of mind" status is a valid

measure of dilution,[21] the survey is unpersuasive on this point. The survey does not demonstrate that Utah shares "top of the mind" in Utah with Ringling for the mark THE GREATEST SHOW ON EARTH. When confronted with the famous mark, respondents in Utah associated that mark with Ringling at a rate higher than the rest of the country, and did not associate the mark with Utah or skiing. The survey demonstrates that Ringling does share "top of the mind" in Utah with respect to THE GREATEST _____ ON EARTH. In other words, when faced with the phrase THE GREATEST _____ ON EARTH, 45% of respondents in Utah associate that incomplete statement with Utah, and 46% of respondents in Utah associate that incomplete statement with Ringling.[22] But Ringling's famous mark is the completed phrase THE GREATEST SHOW ON EARTH, not the incomplete phrase THE GREATEST _____ ON EARTH.[23] And the survey provides no direct evidence that this famous mark is diluted.

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[21] Ringling's expert referred variously to "top of mind", "initial response", and "call to mind" to describe the immediate recall of goods or services upon seeing a mark. He testified further that this "top of mind" position reflected the goal of a marketer, and was an accurate measure of a mark's capacity to identify and distinguish goods and services.

[22] These figures include the 21% of respondents in Utah who associate the incomplete phrase with both Utah and the Circus, but who do not mistakenly associate or confuse the marks or the goods and services each identifies and distinguishes.

[23] Ringling's counsel suggested at trial that Ringling believes it owns the incomplete phrase THE GREATEST _____ ON EARTH. Thus, Ringling has pursued dilution actions against such varied marks as "The Greatest Bar on Earth", *B.E. Windows*, 937 F. Supp. at 206, and "The Greatest Used Car Show on Earth", *Ringling Bros.-Barnum Bailey v. Celozzi-Ettelson*, 855 F.2d 480, 481 (7th Cir.1988). This is not persuasive. Of course, some marks in the form of THE GREATEST _____ ON EARTH may dilute

(...continued)

Ringling's survey evidence does not demonstrate that Utah's mark lessens the capacity of THE GREATEST SHOW ON EARTH to identify and distinguish the Circus in Utah.[24] In fact, slightly more people associate the famous mark with Ringling in Utah than in areas where Utah's mark is unknown. Moreover, the survey demonstrates that persons confronted with the famous mark associate it only with the Circus and do not associate that mark with Utah, with winter sports, or with any activities that are attributable to Utah's use of THE GREATEST SNOW ON EARTH.[25]

B. ***Circumstantial Evidence of Dilution***

Recognizing that direct evidence of blurring may often be difficult to adduce, courts have also assessed the

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Ringling's famous mark. But this fact does not entitle Ringling to protect this incomplete phrase itself. Instead, Ringling must demonstrate that Utah's mark or any mark using this form dilutes the famous mark THE GREATEST SHOW ON EARTH. For example, had respondents completed the statement with SHOW, but associated the resulting statement, THE GREATEST SHOW ON EARTH, with Utah, snow, or skiing, blurring would be shown. In that event, the famous mark would be mistakenly associated, at least in part, with Utah's goods and services, thereby lessening the distinctiveness of Ringling's famous mark. Similarly, if respondents were shown a card containing the mark, THE GREATEST SHOW ON EARTH, and mistakenly associated that mark with Utah's winter sports, dilution by would be shown.

[24] Because the survey evidence does not demonstrate dilution, it is not necessary to address Utah's contention that the survey evidence is unreliable because respondents were not shown the famous mark in a manner in which the mark normally appears, *i.e.*, with circus style lettering on promotional materials.

[25] The record reflects a few respondents completed the statement with "show", to get the famous mark, but associated the mark in an irrelevant manner. For example, respondents associated THE GREATEST SHOW ON EARTH with "theater" and "movie". These mistaken associations are too few to reflect dilution and, in any event, are not attributable to Utah's use of the mark.

likelihood of dilution through a multi-factor balancing test originally articulated for use in the New York dilution statute. This test balances factors including (i) the similarity of the marks, (ii) the similarity of the products or services covered by the marks, (iii) the sophistication of consumers, (iv) predatory intent, (v) renown of the senior mark, and (vi) renown of the junior mark. *See Mead Data Cent.*, 875 F.2d at 1035 (Sweet, J. concurring); *see also Clinique*, 945 F. Supp. at 562 (applying these factors to federal dilution claim); *WAWA, Inc. v. Haaf*, 1996 WL 460083, *3 (E.D.Pa.1996) (same); *Ringling Bros.-Barnum & Bailey v. B.E. Windows*, 937 F. Supp. 204, 211 (S.D.N.Y.1996) (same). Balancing these factors may demonstrate circumstantially the likelihood of dilution through blurring.

1. Similarity of the Marks.

For blurring to occur, a junior mark must be substantially similar to a senior mark. *See B.E. Windows*, 937 F. Supp. at 211 (*citing Mead Data*, 875 F.2d at 1029). The greater the similarities, the more likely it is that the uses of the two marks will be mistakenly associated and, hence, the more likely it is that the junior mark has caused actionable dilution. There is, indisputably, a substantial degree of superficial similarity in the marks here at issue. Thus, they differ in only one word, have a similar cadence, and the substituted word, SNOW, in the junior mark, rhymes with the word SHOW in the famous mark. Yet, SNOW and SHOW are not invented words. They are a familiar part of the lexicon that persons routinely use and distinguish with presumably little difficulty.[26] In *B.E. Windows*, the court

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[26] As discussed above, it is possible to be aware of numerous words similar in form or sound without associating these words or losing sight of the distinctiveness of each individual word. *See supra*, note 18. Thus, in the course of everyday life, people use SNOW and SHOW without associating these words or lessening (...continued)

found that "The Greatest Bar of Earth" was not substantially similar to THE GREATEST SHOW ON EARTH because of (i) the inherent difference between "bar" and "show", and (ii) the common use of the remainder of the mark as a laudatory phrase. 937 F. Supp. at 212. Similarly, while the rhyme between SHOW and SNOW suggests some similarity, the effect of this substitution in creating what are basically descriptive phrases describing markedly different products reduces the importance of the similarity.[27] Thus, the superficial similarity in the marks is undermined by the ease with which people can distinguish SNOW and SHOW, and this factor does not militate in favor of dilution.

2. Similarity of the Products Covered by the Marks.

The similarity of the goods or services covered by the marks is important, despite the fact that competition is not a factor in a federal dilution claim, because "where the products sold under the marks in dispute are alike, there is a greater likelihood that blurring will occur in the mind of the consumer." *B.E. Windows Corp.*, 937 F. Supp. at 212. In the

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the capacity of these words to identify and distinguish different things.

[27] The similarity of the products covered by the marks is a separate factor under *Mead Data*. But where, as here, the marks themselves consist of a description of the products, the similarity of the products described by the mark is also relevant to the first *Mead Data* factor. Often a mark will not have any meaning independent from the product or any descriptive force. Thus, the products covered by LEXIS and LEXUS are not relevant to an evaluation of those marks' similarity. Yet, where, as here, marks have descriptive effect, the description is relevant to an evaluation of the similarity of the marks. For example, the hypothetical mark THE GREATEST CARNIVAL ON EARTH is more similar to THE GREATEST SHOW ON EARTH than a mark describing a wholly unrelated product, such as THE GREATEST HAMMER ON EARTH or THE GREATEST SNOW ON EARTH.

most general terms, both Ringling and Utah use their marks in connection with recreational activities. Beyond this similarity, however, the products are not at all alike. Ringling's product is a circus that travels the country providing an afternoon or evening of spectator entertainment. Utah's product is active winter sport opportunities that participants travel to Utah to engage in usually for several days. The products covered by the two marks in dispute are entirely dissimilar, which points persuasively to the absence of dilution.

3. Sophistication of Consumers.

Blurring is less likely where the consumers of the goods or services covered by the famous mark are sophisticated. *Mead Data Cent.*, 875 F.2d at 1031-32. In other words, where consumers make educated and deliberate decisions to purchase a good or service, they are less likely to be confused by the existence of a similar mark covering a dissimilar product. *Id.* Ringling's customers doubtless include both sophisticated and unsophisticated persons, but the decision to attend the Circus does not typically entail education or research. Ringling clearly markets and promotes its product broadly to attract all types of people to the Circus. By contrast, Utah's marketing approach targets a much smaller group of consumers, namely affluent skiers interested in extended ski vacations. And these consumers are likely to make researched and educated decisions concerning their winter tourism destinations. In other words, these consumers are sophisticated with respect to Utah's skiing opportunities. Yet, the examination of the "sophistication" factor should generally focus on the famous mark owner's customers, because it is among these consumers that dilution will occur. *See, e.g., B.E. Windows Corp.*, 937 F. Supp. at 212. But where, as here, a junior mark is only targeted at a small subset of a claimant's customers, it is also appropriate to consider the sophistication

of this subset of consumers. This is so because only this subset is likely to come into contact with the junior mark, and such contact is essential to demonstrating to any dilution by blurring is caused by that junior mark. Utah's commercial use of the junior mark is confined to a relatively sophisticated group of consumers. These consumers are unlikely to blur the famous mark, THE GREATEST SHOW ON EARTH, with Utah's mark and the winter recreational activities it identifies. In the final analysis, the lack of sophistication of Ringling's customers is mitigated by the sophistication of Utah's customers and, thus, this third factor does not point persuasively one way or the other.

4. Predatory Intent.[28]

The likelihood of blurring is increased where a junior mark is used in hopes of benefiting from its similarity to a famous mark. This is clear because, in that event, a junior mark is adopted specifically to capitalize on a famous mark

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[28] Some courts construing the Act have concluded that predatory intent is not a factor in the analysis of a dilution claim under the Act. *See, e.g., Clinique*, 945 F. Supp. at 562. This conclusion is apparently based on the Act's enhanced remedies for dilution where it is shown that a defendant "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." 15 U.S.C. § 1125(c)(2). Thus, the Act is read to authorize the consideration of "willful intent", a concept similar to predatory intent, with respect to available remedies but not with respect to dilution. This conclusion is not persuasive and not adopted here. An accused diluter's intent can be relevant to the determination of both (i) a circumstantial case of dilution, and (ii) available remedies for such dilution. Thus, the inclusion of "willful intent" elsewhere in the statute is no basis, in and of itself, for ignoring predatory intent as a factor in the analysis of circumstantial evidence of dilution. Moreover, predatory intent—the deliberate adoption of a junior mark to benefit from the fame of a senior mark—increases the likelihood that a junior mark will be used in a manner that will lessen the capacity of a famous mark to identify goods and services.

and to pirate some of its capacity to identify. To demonstrate predatory intent, Ringling relies on (i) Utah's presumed knowledge of Ringling's famous mark before its adoption of THE GREATEST SNOW ON EARTH, and (ii) Utah's alleged efforts to expand its mark notwithstanding its longstanding knowledge of Ringling's trademark. This evidence fails to persuasively demonstrate predatory intent. Utah's adoption and use of its mark notwithstanding its knowledge of Ringling's famous mark cannot, without more, demonstrate predatory intent. Such actions are as consistent with a belief that Utah's mark does not dilute as they are with an intent to benefit from the similarity in the marks. In other words, while knowledge of a famous mark is necessary to demonstrate that a subsequent mark was adopted deliberately to benefit from similarity between the marks, that knowledge, by itself, is not sufficient to demonstrate that a defendant adopted the mark with predatory intent. Utah clearly believes that its mark is not similar to or associated with the famous mark, and Utah has not exploited any similarity of its mark with that of Ringling through the presentation of THE GREATEST SNOW ON EARTH with circus style lettering or circus themes. Moreover, the record reflects that Utah had a good faith, reasonable belief that its use of THE GREATEST SNOW ON EARTH was entirely lawful.[29]

Ringling also points to a Utah Fall/Winter 1995-96 press release as evidence of predatory intent. By Ringling's lights, this press release reflects Utah's intent to benefit from the similarity of the marks because it allegedly evokes Circus imagery, stating, in part, "Utah Stars As Main Act in the

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[29] This conclusion is supported by (i) Utah's registration of its mark in Utah, (ii) the opinion Utah received from the Utah Attorney General that the use of its mark was appropriate, and (iii) the defeat of Ringling's opposition to Utah's right to federal registration of the mark in 1995.

Greatest Snow of Earth" and "Get your tickets to the Greatest Snow on Earth now!" Ringling's reliance on this press release is of no avail. Any inference of predatory intent created by the press release is conclusively rebutted by Utah's uncontradicted explanation of the press release as a reference to the theater, not a circus. The press release reports comments made by a Washington, D.C. meteorologist who described "the drama of American skiing." Pursuing this analogy, the meteorologist described the Cascades and Sierra Nevadas as a "prologue", Colorado and New Mexico as the "epilogue", and Utah as "the main, show-stealing act". It is in this context, not in the context of a circus, that the release refers to Utah as a "star" and to buying "tickets". Thus, Ringling's reliance on this press release to show Utah's predatory intent is conclusively rebutted, and predatory intent does not militate in favor of dilution.

5. Renown of the Senior Mark.

The fifth factor, renown of the senior mark, is important because (i) a mark must be famous to be protected by the Act's anti-dilution provision, and (ii) the greater the fame of the mark, the greater the likelihood that consumers will make mental associations between the famous mark and similar junior marks. *B.E. Windows Corp.*, 937 F. Supp. at 213 (*citing Mead Data*, 875 F.2d at 1038). Ringling's mark is a famous mark, nationwide.

6. Renown of the Junior Mark.

This factor is based on the premise that a less renowned junior mark is less likely to dilute and vice versa. *See Clinique*, 945 F. Supp. at 562; *B.E. Windows*, 937 F. Supp. at 214. But for this factor to be meaningful as circumstantial evidence of blurring it is better characterized as the relative fame of the disputed marks or, put another way, the gap in renown between the two marks. The senior mark must be famous to warrant protection under the Act's

anti-dilution provision, but even among famous marks there are varying degrees of renown. Thus, for the renown of the junior mark to be meaningful it must be viewed in light of the relative renown of the famous mark. In other words, the likelihood that a junior mark recognized by 30% of the relevant population will cause dilution by blurring depends on whether the famous mark is recognized by 40% of the relevant population or 90% of that population. Presumably, the potential for dilution is greater where the gap in renown is smaller.

Thus, here, in contrast to the fifth *Mead Data* factor, the renown of the famous mark may militate against the likelihood of dilution. Where, as here, the junior mark has been used for a considerable period of time,[30] the likelihood of dilution is greater as the relative renown of the marks approach. Utah's mark is virtually unknown outside of Utah and, given Utah's modest budget for advertising, is likely to remain that way. Yet, Utah's mark is well known within Utah.[31] And, within Utah, the relative renown of the marks is

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[30] Courts have correctly observed that the renown of the junior mark will always weigh in favor of a junior mark in the event that this mark identifies a product that has just entered the market unless courts speculate on the expected future renown of the junior mark. *See, e.g., Clinique*, 945 F. Supp. at 563. Thus, this factor has been ignored in a claim alleging dilution caused by a mark covering a new product. *Id.* This issue need not be addressed here, where Utah has used its mark to identify its winter tourism activities continuously for over thirty years.

[31] As discussed above, Utah does not target commercial uses of its mark in Utah, but rather on out of state travelers who read ski magazines and buy merchandise from Utah's winter tourism sites. Thus, the inference could be drawn that the renown of Utah's mark in Utah is the result of the presence of the mark on license plates, an allegedly noncommercial use. The question presented by this inference is discussed above, but is not necessary to a resolution of the instant case. *See supra*, note 13.

nearly identical—46% of respondents in Ringling's survey completed the incomplete phrase THE GREATEST _____ ON EARTH with SHOW and associated the completed phrase with Ringling, and 45% of respondents completed the phrase with SNOW and associated the completed phrase with Utah. Thus, within Utah the sixth *Mead Data* factor suggests a potential for dilution.

Balancing the factors, it is clear that Ringling has not proved by indirect evidence the likelihood of dilution through blurring. The recreational activities covered by the disputed marks are not substantially similar, and their differences are clearly reflected in the marks themselves through the difference in the pivotal terms "show" and "snow". Accordingly, notwithstanding the fame of the marks in Utah, a balancing of the *Mead Data* factors does not demonstrate that Utah's mark will likely lessen the capacity of THE GREATEST SHOW ON EARTH to distinguish or identify Ringling's circus through blurring. This conclusion is confirmed by the survey results, which show that Utah consumers did not associate the famous mark with Utah's winter tourism opportunities.

In sum, neither Ringling's survey evidence nor a balancing of the *Mead Data* factors demonstrate by a preponderance of the evidence that Utah's mark lessens the capacity of the famous mark THE GREATEST SHOW ON EARTH to identify and distinguish Ringling's circus. Thus, Ringling cannot recover for dilution of its mark under 15 U.S.C. § 1125(c).[32]

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[32] Utah contends that, notwithstanding the presence or absence of dilution through "blurring", an injunction against Utah's use of its mark would give the anti-dilution provision of the Act a "retroactive effect" prohibited by *Landgraf v. USI Film Prods.*, 114 S. Ct. 1483, 1499-1505 (1994) (unless statute reflects clear Congressional intent for retroactive application, it cannot (i) impair (...continued)

Accordingly, judgment for Utah in this matter is granted.

An appropriate judgment will enter.

The Clerk is directed to send a copy of these Findings of Fact and Conclusions of Law to all counsel of record.

s/ T.S. Ellis, III
T.S. Ellis, III
United States District Judge

Alexandria, Virginia
February 27, 1997

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a right a party possessed when it acted, (ii) increase a party's liability for past conduct, or (iii) impose new duties with respect to completed transactions). Specifically, Utah contends that an injunction would impermissibly deprive it of a property right in the junior mark. Given the conclusion that there is no dilution, the retroactivity issue is not necessary to the resolution of the case.

APPENDIX C

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC., Plaintiff,	)	
v.	)	Civil Action No. 96-788-A
UTAH DIVISION OF TRAVEL DEVELOPMENT, Defendant.	)	

MEMORANDUM OPINION

This trademark action presents the novel question whether a jury trial is available for a cause of action brought under the new anti-dilution provision of the Lanham Act ("the Act"), 15 U.S.C. § 1125(c).

I.

Ringling Bros.-Barnum & Bailey Combined Shows, Inc. ("Ringling") operates a well-known circus which has advertised and promoted its product for more than a century using the mark THE GREATEST SHOW ON EARTH. This trademark was registered in 1961, receiving U.S. Trademark Registration No. 724,946, and was renewed in 1981.[1]

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[1] Ringling also owns two other trademark registrations which include the mark THE GREATEST SHOW ON EARTH on a globe graphic, U.S. Trademark Registration Nos. 724,947 and 1,366,779.

Utah Division of Travel Development ("Utah") uses the mark THE GREATEST SHOW ON EARTH on license plates, advertisements, and other promotions in an effort to attract visitors to Utah's recreational and scenic resorts. This mark was registered in Utah in 1975 and has been used continuously since 1966.[2] In 1988, Utah applied to the Patent and Trademark Office for federal registration of its mark, THE GREATEST SHOW ON EARTH. Ringling opposed this application, but its opposition was dismissed by a unanimous decision of the Trademark Trial and Appeal Board.[3] One month later, Congress amended the Act to include a federal cause of action for dilution.[4] Thereafter, on June 6, 1996, Ringling filed this action.

II.

Analysis properly begins by acknowledging that,

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[2] The record reflects that Utah did not use the mark in its winter sports advertising in three separate years during the period from the early 1960s to the present. For the purposes of this analysis, these breaks in Utah's otherwise continuous use are not significant.

[3] Decision of Trademark Trial and Appeal Board on Opposition No. 81,828 to application No. 73/762,641 (December 13, 1995). In dismissing the opposition, however, the Trademark Trial and Appeal Board specifically found that dilution was not a basis for opposing registration. *Id.* at 16. Federal registration was finally granted to Utah for its mark on January 21, 1997. For reasons that do not appear in this record, the proceedings leading to this result spanned nearly nine years.

[4] In § 1127, the Act defines dilution as:

> lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—
>
> (1) competition between the owner of the famous mark and other parties, or
>
> (2) likelihood of confusion, mistake, or deception.

> the question of the right to a jury in litigating a statutorily-created right should be decided as a matter of statutory construction rather than of constitutional interpretation whenever possible.

Gnossos Music v. Mitken, Inc., 653 F.2d 117, 118-19 (4th Cir.1981). In other words, if the statute creating a legal right is properly interpreted to require a jury trial then the constitutional issue need not, and should not, be reached. *See, e.g., Ashwander v. Tennessee Valley Authority*, 297 U.S. 288, 347 (1936) (Brandeis, J. concurring). On the other hand, if the statute (i) is ambiguous with respect to the right to a jury trial or (ii) expressly precludes that right, the Seventh Amendment must be consulted to determine if a jury trial is constitutionally required. *See Gnossos Music*, 653 F.2d at 118-19.

The Act nowhere explicitly refers to a jury. But this does not mean it is altogether silent on the subject. To the contrary, the Act's pertinent language makes clear the essentially equitable nature of the dilution claim and therefore reflects Congressional intent to commit the dilution cause of action to a court without a jury. Thus, to begin with, a plaintiff is limited "only to injunctive relief" unless it is shown that the party charged with dilution "willfully intended" to cause dilution or trade on plaintiff's mark. 15 U.S.C. § 1125(c)(2).[5] And this injunctive relief is "subject to

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[5] Section 1125(c)(2) states:

> In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.

the principles of equity and . . . such terms as the court deems reasonable." 15 U.S.C. § 1125(c)(1). In the absence of willful intention to dilute, therefore, the Act's limitation to traditional equitable relief plainly means that Congress, conscious of centuries of settled jurisprudence excluding juries in purely equitable matters, intended to commit a dilution claim to a court without a jury. *See Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 506- 09 & n. 15 (1959); *see also* 9 Wright & Miller, *Federal Practice and Procedure* § 2308 (1995) ("A statute will not be read as having created a right to a jury trial on a claim for an injunction unless Congress has expressly so provided.").

Even assuming evidence of willful intent, the Act's language points unerringly to the same conclusion. If willful intent is shown, a plaintiff may recover "subject to the discretion of the court and principles of equity" the damages specified in § 1117(a). 15 U.S.C. § 1125(c)(2). And § 1117(a) further specifies that any damage recovery is "subject to the principles of equity", and directs (i) that "[t]he court shall assess such profits and damages or cause the same to be assessed under its direction" and (ii) that "the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case." 15 U.S.C. § 1117(a).[6] These several references to

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[6] Section 1117(a), states, in pertinent part:

> the plaintiff shall be entitled, . . . subject to the principles of equity, to recover (1) the defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. . .. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either

(...continued)

"the court", the court's "discretion", and the "principles of equity" make clear that even where "willful intent" is demonstrated, Congress intended to commit dilution claims to a judge without a jury.[7]

But the analysis does not end here, for as *Gnossos Music* teaches, where, as here, a statute creating a right of

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> inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. . .. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

15 U.S.C. § 1117(a). A showing of "willful intent" also permits a plaintiff to recover under § 1118, which allows a court, in its discretion, to order the production of all promotional materials in the possession of the defendant that bear the diluting mark in order that these materials can be destroyed.

[7] This conclusion is not foreclosed by *Gnossos Music*. There, the Fourth Circuit analyzed the 1976 Copyright Act to determine if it provides a right to jury trial. 653 F.2d at 119. In the course of its analysis, the panel rejected the contention that a single reference in the Copyright Act to the award of damages "as the court considers just" indicated congressional intent for statutory damages to be determined without a jury. Instead, the panel held that "court" could mean "either 'judge' singularly or 'judge and jury' in tandem." *Id.* Thus, the *Gnossos Music* panel concluded that the Copyright Act was unclear with respect to the right to a jury trial. While this conclusion fits the Copyright Act, it hardly fits the anti-dilution provision. Thus, the Copyright Act provision construed in *Gnossos Music* contains only a single reference to "the court", which understandably was found to be "not sufficiently clear to mandate either a bench trial or a jury trial." *Id.* at 119. By contrast, the Act's anti-dilution provision contains several references solely to "the court", to the court's "discretion" and to the "principles of equity." Accordingly, the panel's construction of "the court" in *Gnossos Music* does not compel the conclusion that Congress intended "the court" in the Act to refer to judge and jury collectively.

action precludes a jury,[8] or where a statute is ambiguous in this regard, the analysis must proceed to consider whether the Seventh Amendment compels that a jury be provided.[9]

III.

It is not sufficient to find that the Act does not entitle a party to a jury trial. This is so because the Seventh Amendment requires a jury trial in the adjudication of any legal, as opposed to equitable, right, whether created by statute or common law. *Tull v. United States*, 481 U.S. 412, 417 (1987). In other words, the Seventh Amendment trumps Congressional intent with respect to the jury trial issue where legal rights are adjudicated. And importantly, the Seventh Amendment has been construed to require that "'any seeming

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[8] To be sure, this conclusion depends upon a modest inferential step that would be entirely unnecessary had Congress simply said what it meant. And it is hard to see why Congress did not speak more plainly in this instance, since in creating a new cause of action for dilution, the issue whether to commit the matter to a jury must have been prominent in the minds of those who drafted the provision. In any event, courts spend altogether too much time trying to fathom Congress' intent from a statute's terms when the intent might easily have been plainly stated. In the dialogue between court and legislature, which is central to our legal system, the legislature has a duty to speak with reasonable precision lest the dialogue becomes cacophonous and the law making power that properly belongs to the legislators passes to the judges.

[9] Thus, the *Gnossos Music* panel turned to the Seventh Amendment inquiry to resolve whether a jury was constitutionally required once it found the Copyright Act ambiguous on the issue. 653 F.2d at 119. If the Seventh Amendment does not require a jury trial for claims created by a statute that is ambiguous on that issue, a court would presumably have to return to traditional statutory interpretation to determine whether a jury was intended by Congress. In other words, the ambiguity would have to be resolved. That question was not reached in *Gnossos Music* because the panel found that a jury trial was constitutionally required notwithstanding the language of the statute.

curtailment of the right to a jury trial should be scrutinized with the utmost care.'" *Beacon Theatres*, 359 U.S. at 501 (quoting *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935)). Accordingly, Ringling's dilution claim must be analyzed under the Seventh Amendment to determine if Ringling is constitutionally entitled to a jury trial.

The mandated Seventh Amendment inquiry was recently described by the Supreme Court in *Chauffeurs, Teamsters and Helpers Local No. 391 v. Terry*, 494 U.S. 558 (1990). In essence, the inquiry focuses on whether legal or equitable rights are at stake. To determine which are at stake, courts must examine (1) the nature of the issues involved, and (2) the remedy sought. *Id.* More particularly:

> First, we compare the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity. Second, we examine the remedy sought and determine whether it is legal or equitable in nature.

Tull v. United States, 481 U.S. 412, 417-18 (1987). Of the two inquiries, the second, the nature of the remedy, is more important. *Terry*, 494 U.S. at 565.[10] These principles,

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[10] Ringling contends that the Seventh Amendment inquiry is a disjunctive test. Thus, in Ringling's view, a jury trial is required if either legal rights are adjudicated or legal remedies are implemented. *See, e.g., In re Lockwood*, 50 F.3d 966, 972 (Fed.Cir.1995), *vacated sub nom, American Airlines, Inc. v. Lockwood*, 116 S.Ct. 29 (1995). Yet, *Terry* makes clear that the sole inquiry is whether legal rights are adjudicated. And in this inquiry, both the nature of the claims asserted and the remedies requested must be examined. *Terry*, 494 U.S. at 565; *see also Wooddell v. Intern. Broth. of Elec. Workers*, 502 U.S. 93, 97 (1991) (reaffirming the *Terry* analysis). Ringling's contention that the nature of the claim, by itself, mandates a jury trial is contrary to *Terry's* clear emphasis on the nature of the remedy. 494 U.S. at 565. As the Supreme Court has stated, "[o]ur search is for a single historical analog, taking into consideration the nature of the cause (...continued)

applied here, compel the conclusion that the Seventh Amendment does not entitle Ringling to a jury trial on its dilution claim.

A.

The first inquiry focuses on the nature of the issues to be adjudicated. Infringement actions bear similarities to actions in tort for interference with a property right. *See, e.g., Gnossos*, 653 F.2d at 120. Thus, courts considering infringement claims in other contexts have found that these claims encompass primarily legal issues.[11] Similarly, the new federal anti-dilution provision, while recognizing a new manner in which infringement can occur, reflects an injury to a trademark owner's property right in that trademark. Accordingly, an anti-dilution claim has some elements of a classic legal action in tort.

On the other hand, other elements of a trademark dilution claim encompass equitable issues.[12] For example, an

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of action and the remedy as two important factors." *Tull*, 481 U.S. at 421 n. 6.

[11] *See, e.g., Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 477 (1962) (trademark infringement claim held to be legal); *Lockwood*, 50 F.3d at 976 (patent infringement claim could be raised in law or equity); *Gnossos*, 653 F.2d at 120 (copyright infringement analogous to tort actions traditionally recognized as legal). But *cf. Twentieth Century Music Corp. v. Frith*, 645 F.2d 6, 7 (5th Cir.1981) (denying jury trial for copyright claim where statutory damages are characterized as equitable).

[12] This conclusion is not foreclosed by *Dairy Queen* or *Gnossos Music*, wherein trademark and Copyright claims were held to adjudicate legal rights. In *Dairy Queen*, the Supreme Court observed that the claim presented "[is] for a money judgment [and hence] is a claim wholly legal in its nature." *Id.* at 477. Thus, the Supreme Court held that "an action for damages based on a charge of trademark infringement" is a legal claim. *Id.* Similarly, in *Gnossos Music*, the Fourth Circuit observed that defendant's infringing activity was "a tortious interference with a property (...continued)

actionable anti-dilution claim is, by the terms of the statute, subject to the "principles of equity." 15 U.S.C. § 1125(c)(1). Moreover, the inquiry defined by the anti-dilution provision requires the consideration and balancing of factors that are articulated, in part, in the statute. 15 U.S.C. § 1125(c)(1). In a classic trademark infringement action, the determination of whether there is a likelihood of confusion between the marks at issue requires a similar balancing test.[13] And, although the existence of relevant factors is a question of fact, the balancing of these factors to determine likelihood of confusion is a matter of law. *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1005 (2nd Cir.1983). Similarly, the balancing test required in the dilution inquiry is likely a matter of law for the court. Thus, although the anti- dilution claim bears some resemblance to a property tort, the claim itself invokes the principles of equity and rests upon a court's balancing of enumerated factors, a traditional characteristic of an equitable cause of action.

In the final analysis, a claim brought under the Act's anti-dilution provision has both legal and equitable characteristics thereby leaving this part of the Seventh Amendment inquiry in equipoise. In this circumstance, the Seventh Amendment search "for a single historical analog"

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right for which Congress created damages", 653 F.2d at 120, and held that the relevant damages were "a remedy of a type which traditionally would have been enforced at law." *Id.* Thus, *Dairy Queen* and *Gnossos Music* clearly turn on the nature of the remedy available for the claims presented and neither is conclusive support for the contention that trademark dilution claims are legal in nature.

[13] *See, e.g., Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2nd Cir.1961), *cert. denied*, 368 U.S. 820 (1961) (likelihood of confusion inquiry considers strength of mark, degree of similarity, proximity of products, actual confusion, quality of defendant's product, and other factors).

must focus chiefly on the nature of the remedy, the more important half of the Seventh Amendment equation. *See, e.g., Terry*, 494 U.S. at 565.

B.

The remedies for a dilution claim are limited by the Act to injunctive relief, except where a defendant "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." 15 U.S.C. § 1125(c)(2). Thus, a trademark owner showing dilution, but not willful intention to dilute, will have only the right to an injunction, an entirely equitable remedy.[14] And where only an injunction is available to remedy dilution, the Seventh Amendment does not compel a jury trial. *See* 9 Wright & Miller, *supra*, at § 2308 ("[T]here is no constitutional right to a jury trial on a claim for an injunction.")

This conclusion is sufficient to resolve the instant matter because Ringling is limited to an injunction for its dilution claim. This is so because Utah is entitled to summary judgment on the issue of "willful intent". Alternatively, even if "willful intent" is shown, the Seventh Amendment does not compel a jury trial for Ringling's dilution claim because there is no evidence of damages and the remaining available remedies in §§ 1117(a) and 1118 are wholly equitable.

1. *Summary Judgment on "Willful Intent"*

The principles governing summary judgment are well settled. Summary judgment is appropriate where the record shows that "there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter

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[14] *See* 9 Wright & Miller, *supra*, at § 2308 ("Actions for injunctions are equitable in nature and were unknown to the common law courts.").

of law." Rule 56(c), Fed.R.Civ.P. This standard is met where the non-moving party "fails to make a showing sufficient to establish the existence of an element essential to that party's case and on which that party will bear the burden of proof at trial." *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986). A "mere scintilla" of evidence is not enough. To the contrary, when viewed in the light most favorable to the non-moving party, the evidence must be sufficient for a reasonable trier of fact to find in favor of that party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249-50 (1986). Thus, summary judgment on the question of "willful intent" is required if the evidence, viewed in the light most favorable to Ringling, would not allow a reasonable trier of fact to find that Utah "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." 15 U.S.C. § 1125(c)(2).

"Willful", the Supreme Court has observed, is synonymous with "voluntary," "deliberate," and "intentional". *McLaughlin v. Richland Shoe Co.*, 486 U.S. 128, 133 (1988) (construing language in the Fair Labor Standards Act). Thus, "willful intent", while somewhat redundant, requires a plaintiff seeking non-injunctive remedies to demonstrate that a defendant deliberately adopted a mark with the intent either (i) to trade on the owner's reputation,[15] or (ii) to dilute the famous mark. 15 U.S.C. § 1125(c)(2).

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[15] To "trade on an owner's reputation" is similar to the "predatory intent" that often factors into the analysis of dilution under state anti-dilution statutes. *See, e.g., Mead Data Cent., Inc. v. Toyota Motor Sales*, 875 F.2d 1026, 1037 (2nd Cir.1989) (Sweet, J. concurring) (predatory intent "requires a showing that the junior mark adopted its mark hoping to benefit commercially from association with the senior mark").

These principles, applied here, compel summary judgment for Utah on the question of willful intent to dilute. To demonstrate "willful intent", Ringling relies on (i) Utah's presumed knowledge of Ringling's famous mark before its adoption of THE GREATEST SNOW ON EARTH, and (ii) Utah's alleged efforts to expand its mark notwithstanding its longstanding knowledge of Ringling's trademark. This evidence falls far short of demonstrating "willful intent". Utah's adoption and use of its mark notwithstanding its knowledge of Ringling's famous mark cannot, without more, demonstrate "willful intent". Such actions are as consistent with a belief that Utah's mark does not dilute as they are with an allegation of "willful intent." In other words, while knowledge of a famous mark is necessary to demonstrate that a subsequent mark was adopted deliberately to dilute or trade upon the owner's reputation, that knowledge, by itself, is not sufficient to demonstrate that a defendant "willfully intended" to violate the protection granted by the Act. Utah clearly believes that its mark is not diluting, and has not exploited any similarity of its mark with that of Ringling through the presentation of THE GREATEST SNOW ON EARTH with circus style lettering or circus themes. Moreover, the record reflects that Utah had a good faith, reasonable belief that its use of THE GREATEST SNOW ON EARTH was entirely lawful.[16]

In a further effort to find evidence of "willful intent", Ringling points to a Utah Fall/Winter 1995-96 press release. By Ringling's lights, this press release reflects Utah's intent to trade upon Ringling's reputation because it states, in part,

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[16] This conclusion is supported by (i) Utah's registration of its mark in Utah, (ii) the opinion Utah received from the Utah Attorney General that the use of its mark was appropriate, and (iii) the defeat of Ringling's opposition to Utah's right to federal registration of the mark in 1995.

"Utah Stars As Main Act in the Greatest Snow of Earth" and "Get your tickets to the Greatest Snow on Earth now!" Ringling's reliance on this press release is of no avail.

To begin with, this press release was issued before the January 16, 1996 effective date of the anti-dilution provision, and "willful intent" before this effective date cannot provide the basis for an enhancement of Utah's potential liability for dilution. *See Landgraf v. USI Film Products*, 114 S.Ct. 1483 (1994).[17] In other words, under *Landgraf*, "willful intent" before January 16, 1996 is not actionable. Thus, the press release is only relevant to the extent that it might create an inference of Utah's intent before January 16, 1996 that, in turn, might create a further inference of Utah's "willful intent" after that date. These weak, multiple inferences do not create a basis upon which a reasonable trier of fact could find "willful intent". *See Beale v. Hardy*, 769 F.2d 213, 214 (4th Cir.1985) ("[A party] cannot create a genuine issue of material fact through mere speculation or the building of one inference upon another.")

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[17] In *Landgraf*, the Supreme Court held that a statute will not be applied to have retroactive effect absent clear congressional intent to the contrary. 114 S.Ct. at 1505. Specifically, the "retroactive effect" prohibited is present where a statute:

> would impair rights a party possessed when he acted, increase a party's liability for past conduct, or impose new duties with respect to transactions already completed.

Id. The anti-dilution provision does not reflect clear Congressional intent with respect to retroactivity. *See Circuit City Stores, Inc. v. OfficeMax, Inc.*, 949 F.Supp. 409, 414-15 (E.D.Va.1996). Thus, under *Landgraf*, Utah's liability for past, completed conduct cannot be increased by the subsequent enactment of the anti-dilution provision. Accordingly, *Landgraf* bars relief, including damages, based solely on conduct completed before the enactment of the anti-dilution provision.

Moreover, any inference created by the press release is conclusively rebutted by Utah's uncontradicted explanation of the press release as a reference to the theater, not a circus.[18] Given this and the weakness of the inference, the press release is, at best, a bare scintilla of "willful intent" and does not provide the basis upon which a reasonable trier of fact could find that Utah "willfully intended" to trade on Ringling's reputation or to dilute Ringling's famous mark. *See Anderson*, 477 U.S. at 252. To hold otherwise would improperly allow a jury to speculate. Thus, Utah is entitled to summary judgment on the question of its willful intent and Ringling is limited to an injunction for its dilution claim. It follows that the Seventh Amendment does not entitle Ringling to a jury trial on this claim.[19]

2. *Even Assuming Willfulness, Only Equitable Remedies Are Available*

In the alternative, even if "willful intent" is demonstrated, the Seventh Amendment does not entitle Ringling to a jury trial on its dilution claim because no legal remedies are available on the facts of this case.

Where "willful intent" is demonstrated, a trademark owner is not limited to injunctive relief, but may be entitled, subject to "equitable principles", to further remedies, namely (i) disgorgement of defendant's profits, (ii) money damages,

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[18] The press release reports comments made by a Washington, D.C. meteorologist who described "the drama of American skiing." Pursuing this analogy, the meteorologist described the Cascades and Sierra Nevadas as a "prologue", Colorado and New Mexico as the "epilogue", and Utah as "the main, show-stealing act". It is in this context, not in the context of a circus, that the release refers to Utah as a "star" and to buying "tickets". Thus, Ringling's reliance on this press release to show Utah's deliberate effort to trade upon Ringling's reputation is conclusively rebutted.

[19] *See supra*, note 14 and accompanying text.

(iii) costs, and (iv) the issuance of an order requiring production and destruction of any materials in the possession of defendant that bear the diluting mark. Two of these remedies—the disgorgement of defendant's profits and the order requiring production of defendant's materials bearing the diluting mark—are wholly equitable[20] and do not create a constitutional jury trial right. Likewise, the availability of a costs remedy, by itself, provides no basis for a constitutionally mandated jury right. Costs are merely incidental to and intertwined with other available remedies. Thus, where the other available remedies are wholly equitable, costs are also an equitable remedy. *See Terry*, 494 U.S. at 570-71.

Only the availability of money damages may possibly trigger the Seventh Amendment mandate for a jury trial. But it is unnecessary to reach this question because there is no evidence of money damages in this case. The Act defines dilution as the lessening of the "capacity of a famous mark to identify and distinguish goods or services." Ringling contends that damages from such dilution include (i) a reduction in the sales of the owner of the mark related to its primary business activity, *i.e.*, circus ticket sales, or (ii) a reduction in the value of the mark for licensing and co-promotion with third parties. The record contains no evidence of a reduction in the selling power of the trademark under either theory. Indeed, at oral argument Ringling conceded that the value of its mark for licensing had not

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[20] An order issued by a court authorizing destruction of materials in a defendant's possession is clearly not a traditional remedy enforced at law. And an action for disgorgement of improper profits, while involving a monetary award, is "traditionally considered an equitable remedy." *Tull*, 481 U.S. at 424; *see also Terry*, 494 U.S. at 570-71 (action for improper profits is "restitutionary" and, thus, characterized as equitable).

diminished and that it had no evidence of damages. Given this, there can be no Seventh Amendment claim for a jury trial based on the money damages remedy.

In sum, the Act's language makes clear Congress' intent to commit dilution claims to the court without a jury. And the Seventh Amendment does not require otherwise where, as here, only equitable remedies are available. Accordingly, Utah's motion to strike Ringling's jury demand must be granted.

An appropriate Order has issued.

The Clerk is directed to send copies of Memorandum Opinion to all counsel of record.

s/ T.S. Ellis, III
United States District Judge
T.S. Ellis, III

Alexandria, Virginia
February 21, 1997

APPENDIX D

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC., Plaintiff,	)	
v.	)	Civil Action No. 96-788-A
UTAH DIVISION OF TRAVEL DEVELOPMENT, Defendant.	)	

MEMORANDUM OPINION

This case presents a novel, but straightforward question concerning the scope of the new anti-dilution provision of the federal Trademark Act, 15 U.S.C. § 1125(c)(1). In essence, this new provision protects famous marks from losing their capacity for identifying goods or services as a result of the use by another of a mark regardless of the presence or absence of potential customer confusion or competition between the famous mark owner and the user of the allegedly infringing mark. Specifically, the question here presented is whether the anti-dilution provision operates only where the allegedly diluting mark is identical to the famous mark, or whether it is also triggered where the diluting mark is only similar to the famous mark. Only if the latter is true can the claim at bar survive threshold attack, as the allegedly diluting mark here is merely imitative, not identical to the famous mark.

I.

Plaintiff, of course, operates a well-known circus which has advertised and promoted its product for more than a century using the mark THE GREATEST SHOW ON EARTH. This trademark was registered in 1961, receiving U.S. Trademark Registration No. 724,946, and was renewed in 1981.[1] Defendant uses the slogan THE GREATEST SNOW ON EARTH on license plates, advertisements, and other promotions in an effort to attract visitors to Utah's recreational and scenic resorts. In 1988, defendant applied to the Patent and Trademark Office for federal registration of its mark, THE GREATEST SNOW ON EARTH. Plaintiff opposed this application, but its opposition was dismissed by a unanimous decision of the Trademark Trial and Appeal Board. Thereafter, on June 6, 1996, plaintiff filed this action.

Plaintiff seeks relief against defendant's use of THE GREATEST SNOW ON EARTH under the Trademark Act ("the Act"). The Act was amended on January 16, 1996 to include a federal cause of action for dilution.[2] Prior to this amendment, the owner of a famous mark had a federal cause of action for infringement. *See* 15 U.S.C. § 1114. Yet, to recover for infringement a famous mark owner is required to

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[1] Plaintiff also owns two other trademark registrations which include the mark THE GREATEST SHOW ON EARTH on a globe graphic, U.S. Trademark Registration Nos. 724,947 and 1,366,779.

[2] In § 1127, the Act defines dilution as:

> lessening the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of --
>
> (1) competition between the owner of the famous mark and other parties, or
>
> (2) likelihood of confusion, mistake, or deception.

demonstrate that the use of an imitative mark "is likely to cause confusion, or to cause mistake, or to deceive." *Id.* Infringement, then, essentially requires that the protected and imitative marks be used in connection with competing goods and services or that there exists some potential for customer confusion. Following the lead of numerous states[3] and foreign countries,[4] Congress enacted the anti-dilution provision in recognition that infringement is not the only way a famous mark can be harmed, but rather that another's use of a mark might blur the distinctiveness of a famous mark or otherwise harm the owner of such a mark even absent competition and the likelihood of confusion, mistake or deception.

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[3] The House report on H.R. 1295, the bill which became the amendment to the Act, reported that "approximately 25 states have laws that prohibit trademark dilution." H.R. Rep. No. 374, 104th Cong., 1st Sess. 4 (1995), U.S. Code Cong. & Admin. News at 1029, 1031. ("House Report"). In statements before the House Subcommittee on Courts and Intellectual Property, the Assistant Commissioner for Trademarks reported that twenty seven states had statutes providing remedies for dilution of famous marks. *Trademarks Legislation: Hearings on H.R. 1295 and H.R. 1270 Before the Subcommittee on Courts and Intellectual Property of the House Committee on the Judiciary*, 1995 WL 435751, *3 (1995) (statement of Philip G. Hampton, Assistant Commissioner for Trademarks) ("Hampton Statement").

[4] Canada, Japan, Spain, Greece, Venezuela, and Great Britain have anti-dilution provisions in their trademark law. *Trademarks Legislation: Hearings on H.R. 1295 and H.R. 1270 Before the Subcommittee on Courts and Intellectual Property of the House Committee on the Judiciary*, 1995 WL 435750, *10 (1995) (statement of Mary Ann Alford, Executive Vice President of the International Trademark Association) ("Alford Statement"). The European Community also recognizes an action for dilution, *id.*, as do international agreements to which the United States is a party, such as GATT and the Paris Convention. House Report at 4.

Relying on the anti-dilution provision of the Act, plaintiff claims that defendant's use of THE GREATEST SNOW ON EARTH results in the dilution of its registered mark THE GREATEST SHOW ON EARTH. Defendant seeks dismissal pursuant to Rule 12(b)(6), Fed.R.Civ.P., arguing that the anti-dilution provision only bars another from using a mark identical to the famous mark, not merely a similar mark. Therefore, because defendant's mark is only imitative, not identical (SNOW is substituted for SHOW), the anti-dilution provision cannot be invoked and the action should be dismissed. Plaintiff, of course, argues for a broader scope for the anti-dilution provision, contending that the provision's plain meaning extends its reach to similar or imitative marks. The task at hand is to determine which of these is the correct interpretation of the statute.

II.

It is axiomatic that the task of statutory interpretation must begin with the language of the statute itself. And there the task ends if the language has a plain and unambiguous meaning, for it is an essential and necessary assumption that the goal of statutory interpretation is to give effect to the legislators' intent, which they must make manifest in the statutory language.[5] To be sure, not all statutory language is plain and unambiguous; many statutes include ambiguities or lacunas, which must be judicially resolved or filled. This aspect of the interpretive task is accomplished by reference to the statute's purpose, which in turn may be discerned from

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[5] *See United States v. American Trucking Assns., Inc.*, 310 U.S. 534, 543, 60 S.Ct. 1059, 1063-64, 84 L. Ed. 1345 (1940) ("There is, of course, no more persuasive evidence of the purpose of a statute then the words by which the legislature undertook to give expression to its wishes.").

the statute's terms, structure, and in appropriate circumstances, the legislative history.[6]

At all events, the proper starting point is the pertinent statutory language itself, which here is as follows:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or tradename, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

15 U.S.C. § 1125(c)(1) (emphasis added).

The highlighted text demarcates the heart of the interpretive dispute. Defendant asserts that the phrase "another person's use in commerce of a mark or trade name" refers only to the famous mark protected by the amendment. By defendant's lights, therefore, only the use of a mark identical to the famous mark can cause prohibited dilution. Yet, this reading is contrary to the statute's plain and unambiguous language. The statute's two references to "the mark" plainly mean the "famous mark". By contrast, the statute's use of the indefinite article "a" when referring to the offending mark plainly means that the offending mark need not be identical to the famous mark. Had Congress intended to limit the reach of the provision to offending marks that were identical to the famous mark, it would have used the definite article "the" in referring to the diluting mark, and perhaps the words "same" or "identical", as well. Instead,

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[6] *See, e.g., Griffin v. Oceanic Contractors, Inc.*, 458 U.S. 564, 571-74, 102 S.Ct. 3245, 3250-52, 73 L.Ed.2d 973 (1982) (construing a statute's purpose through consideration of, in turn, the statute's terms, structure and legislative history).

Congress chose to use plain and unambiguous language to make clear that a famous mark may be diluted by the use of "a mark", not "the [famous] mark".

Because the statute's plain and unambiguous language answers the question presented, the interpretive task is at an end. Even so, both parties go beyond the statutory language to claim that the legislative history vindicates their view of the statute. Thus, defendant relies on the House Report, which states that the anti-dilution provision was added to protect "against another's commercial use of a famous mark." House Report at 3. The report also includes a list of examples: "DUPONT shoes, BUICK aspirin, and KODAK pianos." *Id.* While these statements are consistent with defendant's position, neither precludes the reading that the plain language compels. This list of examples does not purport to be exhaustive and the statement is inconclusive.[7] Nowhere does the report clearly contradict the statute's plain meaning by saying explicitly that an offending diluting mark must be identical to the famous mark, not just imitative. In these circumstances, as the Supreme Court has stated, "[i]n the absence of 'clearly expressed legislative intention to the contrary,' the language of the statute itself 'must ordinarily be regarded as conclusive.'" *United States v. James*, 478 U.S. 597, 606, 106 S.Ct. 3116, 3121, 92 L.Ed.2d 483 (1986) (*quoting Consumer Product Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108, 100 S.Ct. 2051, 2056, 64 L.Ed.2d 766 (1980)).

On the subject of legislative history, it is worth noting that some points persuasively, if not conclusively, to the interpretation given here to the statute. Specifically, interpreting the statute to protect against the use of similar

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[7] For example, one can "use" a famous mark merely by imitating it.

marks is supported by (1) the original wording of the statute;[8] (2) Congress' goal of establishing uniformity among the states in protection of famous marks from dilution;[9] and (3)

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[8] The anti-dilution provision originally proposed read:

> The owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or tradename, if such use begins after the (registrant's) mark has become famous and causes dilution of the distinctive quality of the (registrant's) mark, and to obtain such other relief as is provided in this subsection.

Appendix to Hampton Statement, 1995 WL 435751, at *22. This version of the provision confirms that the use of the phrase "the mark", with the definite article, refers to the famous mark. Elimination of the term "registrant's" does not affect this point, as it was done merely for the unrelated purpose of ensuring that "famous marks [would] be protected regardless of whether the marks are registered in the country where protection is sought." House Report at 4.

[9] Congress concluded that a uniform federal solution was necessary because marks are used nationwide and many, but not all, states provide anti-dilution protection. *See* House Report at 3-4 ("A federal dilution statute is necessary because famous marks ordinarily are used on a nationwide basis and dilution protection is currently only available on a patch-quilt system of protection.") Among the states with anti-dilution statutes, three explicitly extend protection to the use of imitative or similar marks. *See* Fla. Stat. Ann. § 495.151; Ga. St. 10-1-451(b); Ill. Stat. ch. 765 § 1035/15; *see also Polaroid Corp. v. Polaraid, Inc.*, 319 F.2d 830, 836 (7th Cir.1963) (POLAROID diluted by POLARAID under predecessor to Illinois anti-dilution statute prohibiting dilution by use of "same or similar mark"). As for the remaining states with statutes that do not explicitly address this point, the courts addressing this issue have consistently construed these statutes to protect against dilution from similar or imitative marks. *See, e.g., Saks & Co. v. Hill*, 843 F.Supp. 620 (S.D.Cal.1993), *appeal dismissed*, 65 F.3d 175 (9th Cir.1995). (SACK'S THRIFT AVENUE dilutes SAKS FIFTH AVENUE under California dilution provision, Cal. Bus. & Prof. Code § 14330); *Toys 'R Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F.Supp. 1189 (E.D.N.Y.1983) (KIDS 'R US dilutes (...continued)

Congress' goal of conforming a federal dilution statute to dilution provisions enacted internationally.[10] In sum, this legislative history supports the result reached here because it reflects that the federal anti-dilution provision was inspired by state and foreign statutes that protect famous marks from dilution from identical or similar marks.

Finally, it is also worth noting that while this issue does not appear to have been squarely presented and decided in any published decision, two courts seem implicitly to have assumed, without deciding, that the anti-dilution provision reaches the use of imitative marks, as well as the use of marks identical to the famous mark.[11] That the issue was not disputed in those cases is not surprising, given the statute's clarity and lack of ambiguity on this point. And this interpretation is undeniably correct in view of the fact that the proliferation of similar, though not identical, marks

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TOYS 'R US under New York dilution provision, N.Y. Gen. Bus. § 368-d).

[10] *See* House Report at 4 ("Passage of a federal dilution statute would also assist the executive branch in its bilateral and multilateral negotiations with other countries to secure greater protection for the famous marks owned by U.S. companies.") Many international dilution statutes expressly apply to the use of similar marks. For instance, the dilution provision of the Community Trademark Regulation of the European Community prohibits "the use of any sign which is identical with or similar to the Community Trademark." Alford Statement 1995 WL 435750, at *10.

[11] *See Wawa, Inc. v. Haaf*, 1996 WL 460083 (E.D.Pa.1996) (WAWA food markets granted permanent injunction against HAHA 24HR MARKET under anti- dilution provision); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows*, 937 F.Supp. 204 (S.D.N.Y.1996) (denying motion for preliminary injunction in action brought by owner of the mark THE GREATEST SHOW ON EARTH against bar using mark THE GREATEST BAR ON EARTH).

would clearly "lessen the capacity of a famous mark to identify and distinguish goods or services," resulting in dilution as defined by 15 U.S.C. § 1127.[12]

For the reasons stated, the motion to dismiss must be denied.[13] An appropriate order has issued.

s/ T.S. Ellis, III
T.S. Ellis, III
United States District Judge

Alexandria, Virginia
September 10, 1996

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[12] The dilution of famous marks through "blurring" as a result of the use of similar or imitative marks is acknowledged in the legislative history, which illustrates this "blurring" with such examples as the state law held to prohibit the use of the mark POLARAID on heating and refrigeration systems because it diluted the POLAROID trademark for photographic equipment. Hampton Statement at 3 (*citing Polaroid Corp. v. Polaraid, Inc.*, 319 F.2d 830 (7th Cir.1963)). But, as another example reflects, proving dilution or "blurring" can be quite difficult. *See Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2nd Cir.1989) (use of LEXUS for automobiles found not to dilute use of LEXIS for legal research systems).

[13] At the hearing, defendant urged, in the alternative, that summary judgment was appropriate on the basis of the current record. This is unpersuasive given the sparseness of the current record and the fact intensive nature of the dilution issue. *See* 15 U.S.C. § 1125(c)(1)(A)-(H).

Supreme Court, U.S.
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No. 98-2004

IN THE
Supreme Court of the United States

RINGLING BROS.—BARNUM & BAILEY COMBINED SHOWS, INC.,
Petitioner,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

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QUESTIONS PRESENTED

1. Whether there is a conflict between the Fourth Circuit and other federal courts of appeals regarding an element of proof under the FTDA.

2. Whether it is error to require an FTDA claimant to prove "an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services.' "

3. Whether a jury demand under the FTDA is properly stricken where the claimant has failed to prove "wilful intent" and seeks only injunctive relief.

PARTIES TO THE PROCEEDING AND RULE 29.6 LISTING

All parties to this proceeding are listed in the caption of the case. Respondent Utah Division of Travel Development is a division of the State of Utah. Respondent has no non-wholly-owned subsidiaries.

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IN THE

Supreme Court of the United States

No. 98-2004

RINGLING BROS.—BARNUM & BAILEY COMBINED SHOWS, INC.,
Petitioner,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-36a) is reported at 170 F.3d 449. The opinions of the district court (Pet. App. 37a-93a) are reported at 955 F. Supp. 605, 955 F. Supp. 598, 935 F. Supp. 763.

JURISDICTION

The judgment of the court of appeals was entered on March 16, 1999. Pet. Ap. 1a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Section 43(c) of the Lanham Act, 15 U.S.C. § 1125 (c) (1998), provides in pertinent part:

> (c)(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . .
>
> (2) In an action brought under the subsection, the owner of a famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of a famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

Section 45 of the Lanham Act, 15 U.S.C. § 1127, provides in pertinent part:

> The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—
>
> (1) competition between the owner of the famous mark and other parties, or
>
> (2) likelihood of confusion, mistake, or deception.

STATEMENT

A unanimous three-judge panel of the Fourth Circuit Court of Appeals affirmed the district court's judgment holding that Respondent's mark does not cause dilution of Petitioner's mark under the Federal Trademark Dilution Act of 1995 (FTDA), and affirmed the order striking Petitioner's jury demand.[1] The Fourth Circuit construed

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[1] After the Petition was filed, this Court decided *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Bd.*, 67

the FTDA according to its terms and as understood by the courts and the parties. The FTDA is separate and distinct from other Lanham Act enactments and includes a requirement that a claimant prove a lessening of the senior mark's selling power, expressed as "its capacity to identify and distinguish goods or services." 15 U.S.C. § 1127. *See Clinique Labs., Inc. v. Dep Corp.*, 945 F. Supp. 547, 562 (S.D.N.Y. 1996) ("[B]lurring is concerned with an injury to the mark's selling power.").

The Fourth Circuit's decision is not in conflict with the decisions of other courts of appeals and its standard for dilution has been approved by all five federal judges who have considered it. The decision, moreover, is correct. Plaintiff's survey failed to establish dilution, and Plaintiff's proffer of evidence was insufficient to establish the "willful intent" necessary to warrant a trial by jury. For these reasons the decision of the Fourth Circuit should not be reviewed by this Court.

The dilution statutes of the states generating the bulk of pre-FTDA dilution cases, New York, Illinois and California, as well as others, required a claimant to prove only a "likelihood of dilution." *See* note 15, *infra.* In contrast, the FTDA requires a claimant to prove that "another person's commercial use . . . of a mark . . . causes dilution" of the senior mark[2] by "lessening the

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U.S.L.W. 4590 (U.S. June 23, 1999), which held that "the federal courts are without jurisdiction to entertain [a suit for false advertising and violation of business interests under 15 U.S.C. § 1125] against an arm of the State of Florida." *Id.* at 4597. Though it has not previously been argued in this case, Respondent also urges the Court to deny Petitioner's request to review the circuit court's decision under 15 U.S.C. § 1125(c) on the alternative ground that Respondent, an arm of the State of Utah, is immune from suit in the federal courts under the doctrine of *College Savings Bank.*

[2] 15 U.S.C. § 1125(c)(1) (1998).

capacity of a famous mark to identify and distinguish goods or services." 15 U.S.C. § 1127.

The House report on the FTDA indicates that the FTDA is designed to encompass "all forms of dilution recognized by the courts," not all theories, and the only one of the four forms listed at issue in this case was the general category of "blurring." Pet. App. 5a, 50a. Adoption of all of the theories of dilution would have been impossible, inasmuch as "there is considerable disagreement [in the state courts] on the basic elements of dilution." David S. Welkowitz, *Reexamining Trademark Dilution*, 44 Vand. L. Rev. 531, 547 (1991). *See also* H.R. Rep. No. 104-374 at 2-3 (1995) ("court decisions have been inconsistent" and "dilution varies from state to state").

Considerably less than a majority of the nationwide respondents to Ringling's survey filled in the blank in "THE GREATEST ———— ON EARTH" with the word "SHOW," to form the phrase of Petitioner's mark. Forty-one percent did so. C.A. App. A-305. For perspective, McCarthy writes that "a mark should not be categorized as 'famous' [for FTDA purposes] unless it is known to more than 50 percent of the defendant's potential customers." J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 24.92 (4th ed. 1999).

Respondent began using THE GREATEST SNOW ON EARTH to advertise its winter sports as early as 1962 and "has consistently used, and continues to use, the mark THE GREATEST SNOW ON EARTH to promote winter tourism in the state of Utah." Pet. App. 42a-43a. Utah has never used its mark in connection with, or in the context of, a circus. *Id.* at 44a. The de minimus use of Utah's mark on hats and shirts (C.A. App. A-74) was conceded by Petitioner to be beyond

remedy: "[W]e believe that the defendants would have the right, based on their prior use before the statute, to certain activities that they have proven. . . . [F]or the last three years they have used it on hats, t-shirts and sweatshirts . . . ." (App. 1a-2a, Trial Tr. Vol. II at 77-79.) A three-member panel of the U.S. Trademark Trial and Appeal Board rendered a unanimous 16-page decision on December 13, 1995, granting Utah the right to register its mark and dismissing Petitioner's opposition. Pet. App. 42a.

The district court did not state its holding in terms of Petitioner's not having "proved that Respondent's use of its junior mark caused actual economic harm to the selling power of Petitioner's famous mark." Pet. 10 (citing the district court's opinion at Pet. App. 55a). Rather, the district court held that Petitioner's evidence does not "demonstrate by a preponderance of the evidence that Utah's mark lessens the capacity of the famous mark . . . to identify and distinguish" Petitioner's circus. Pet. App. 67a.

The district court held that Petitioner's survey did not prove dilution. The survey asked respondents first, "What word or words would you use to fill in the blank and complete" the blank phrase THE GREATEST _____ ON EARTH?, and second, "Who or what, if anything, do you associate the now completed statement with?" C.A. App. A-300. All persons who filled in the blank with SHOW associated the completed slogan with the circus and/or Ringing Bros. Barnum & Bailey. C.A. App. A-305. All persons who filled in the blank with SNOW associated the completed slogan with Utah. *Id.* Thus, no person who completed the blank phrase with SHOW, to then make it Petitioner's slogan, associated that Ringling slogan with Utah, Utah's mark or Utah's

product. And no person who completed the blank phrase with SNOW, to then make it Respondent's slogan, associated that Utah slogan with Ringling, Ringling's mark or Ringling's product. *Id.* At the least, these results show no consumer association of the mark of defendant with the mark of plaintiff, the first requirement of dilution.

Also according to Ringling's survey, "[i]n Utah, 46% of respondents completed the statement with the word SHOW and associated it in some way with the circus," compared to 41% of the general U.S. respondents outside of Utah who did so. *Id.* The Court observed that "[t]his is strong evidence of the absence of dilution, not the presence of it." Pet. App. 57a. The court concluded that the survey evidence failed to prove the existence of dilution under the terms of the Act that " 'dilution' means the lessening of the capacity of a famous mark to identify and distinguish goods and services." 15 U.S.C. § 1127.

The fact that in Utah "21% of respondents filled in SHOW and SNOW and correctly associated the marks with the circus and Utah respectively" does not prove dilution, said the court. Pet. App. 57a. "Rather it reflects that respondents had no difficulty keeping the two marks separate in their minds in terms of the goods and services each mark identifies and distinguishes." *Id.*[3] The

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[3] This was not the first time a federal court had rejected the errant propositions of Petitioner's expert, Michael Rappeport. *See Indianapolis Colts v. Metro. Baltimore Football*, 34 F.3d 410, 415 (7th Cir. 1994) (R. Possner, J.) ("Both parties presented studies. The defendants' was prepared by Michael Rappeport and is summarized in a perfunctory affidavit by Dr. Rappeport to which the district judge gave little weight. That was a kindness. The heart of Rappeport's study was a survey that consisted of three loaded questions asked in one Baltimore mall. Rappeport has been criticized before for his methodology, *Jarrett Int'l, Inc. v. Promotion in Motion, Inc.*, 826 F.Supp. 69, 73-74 (E.D.N.Y. 1993), and we hope that he will take these criticisms to heart in his next court-

court's conclusion was not, as Petitioner writes, "that virtually none of the consumers surveyed confused the two marks" (Pet. 11), but rather that "the survey demonstrates that persons confronted with the famous mark associate it only with the Circus and do not associate that mark with Utah, with winter sports, or with any activities that are attributable to Utah's use of the GREATEST SNOW ON EARTH." Pet. App. 59a.

The Court of Appeals traced the development of the doctrine of dilution and set the instant case in perspective. The court's requirement that a claimant show an "actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services' " (Pet. App. 19a), also expressed as "actual economic harm to the famous mark's economic value by lessening its former selling power" (Pet. App. 26a), tracked the FTDA and drew from settled dilution doctrine that "blurring is concerned with an injury to the mark's selling power." *Clinique Labs., Inc. v. Dep Corp.*, 945 F. Supp. 547, 562 (S.D.N.Y. 1996). The court supplied guidelines to claimants on how to prove their cases (Pet. App. 33a) and affirmed the district court's denial of Petitioner's demand for a jury. *Id.* at 33a-36a.

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room appearance."); *U.S. Shoe Corp. v. Brown Group, Inc.*, 740 F.Supp. 196, 200 (S.D.N.Y. 1990) ("[T]o say [as Dr. Rappeport's survey and affidavit say] that defendant's ads remind consumers of plaintiff's ads is very different from saying that they confuse consumers as to the source. Ads may be reminiscent of one another if they focus on similar claims about the products. It does not follow that they create confusion about the sources.")

ARGUMENT

I. THE FOURTH CIRCUIT'S REQUIREMENT OF PROOF UNDER THE FTDA IS NOT IN CONFLICT WITH THE DECISIONS OF OTHER FEDERAL COURTS OF APPEALS

Plaintiff's challenge is limited to one of several elements the court of appeals required a plaintiff to prove under the FTDA, i.e., "an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services.'" Pet. App. 19.[4] The Fourth Circuit's interpretation of the FTDA does not conflict with that of other courts of appeals.

I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27 (1st Cir. 1998) does not "expressly reject[] . . . the standard applied in this case." Pet. 13. First, the straw man Petitioner sets up is *I.P. Lund*'s quotation of comment of the district court, not a comment of the Fourth Circuit. *I.P. Lund*, 163 F.3d at 49. And the Fourth Circuit stated it did "not agree in every particular with the district court's interpretation." Pet. App. 7a. Therefore, *I.P. Lund* was not rejecting the standard of the Fourth Circuit. Further, the Fourth Circut never used the "lessening of demand" language of the district court Petitioner quoted.

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[4] The language Petitioner features at Pet. 13 is a fragmentary quotation of the Court's alternative expression of the standard as follows: "(3) actual economic harm to the famous mark's economic value by lessening its former selling power as an advertising agent for its goods and services." Pet. App. 26a. Though Petitioner attacks it throughout its petiiton, that expression and the expression of the Court's standard upon which Respondent focuses were both urged in essence by Petitioner itself in its brief to the circuit court, as follows: "Dilution by blurring is concerned with an injury to the 'value of a mark,' *Celozzi*, 855 F.2d at 484, or to put it another way, 'the mark's selling power.' *Clinique*, 945 F.Supp. at 562." App. 3a.

Moreover, the standard of the Fourth Circuit is confirmed by the *I.P. Lund* discussion. The central feature of the element of the Fourth Circuit standard Petitioner challenges is the language "lessening of its former selling power" (Pet. App. 26a, quoted at Pet. 13) or "an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services.'" Pet. App. 19a, quoted above. This requirement that a plaintiff prove a lessening of the senior mark's "selling power" is acknowledged by the First Circuit in its quotation of a scholarly source identifying as central, "whether a particular junior use will debilitate the selling power of a mark." *I.P. Lund*, 163 F.3d at 49 (quoting Kliegler, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789, 826-27 (1997)). Thus, the Fourth Circuit's standard keying on an actual lessening of the senior mark's selling power is consistent with *I.P. Lund* from the First Circuit.

Likewise, there is no conflict between the Fourth and the Ninth Circuits. The reference in *Panavision Int'l., L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998), to "general observations" (Pet. 14) of other cases is not a statement of a legal standard or holding. In fact, the only legal standard on dilution stated in *Panavision* is the court's citation of the statute. *Id.* at 1327. The court's holding was that defendant's "registration of Panavision's trademarks as his domain names on the Internet diluted those marks within the meaning of the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c)." *Id.*

The *Panavision* court's generalized discussion implies its belief that defendant's conduct had actually diminished the capacity of the Panavision marks to distinguish goods and services through a lessening of their selling power,

and the court affirmed without criticism the district court's conclusion that defendant's conduct had diminished "the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet." *Id.* at 1326. That is a standard entirely consistent with the standard of the circuit court in this case.

Nor does the Fourth Circuit's decision conflict with the Eighth Circuit's decision in *Luigino's Inc. v. Stouffer Corp.*, 170 F.3d 827 (8th Cir. 1999). The Eighth Circuit's discussion of dilution was brief and partial, and since the court held that claimant had not shown the required consumer association between the two marks, there was no need for it to go further and address the question of what damage to the senior mark is necessary to complete the occurrence of dilution. The court said that "[t]o succeed, [claimant] was required to offer evidence that [the alleged diluter] causes consumers to associate the [claimant's] mark with something other than [the claimant's product]." *Id.* at 833. But the court did not say that association of the marks is all that is necessary.[5]

The Fourth Circuit's decision is not in conflict with any Third Circuit decision. In *Jews for Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998), *aff'd mem.*, 159 F.3d 1351 (3d Cir. 1998), defendant used the mark and name of plaintiff "to lure individuals to his Internet site where he [made] disparaging statements about Plaintiff Organization." *Id.* at 307. The district court found dilution by "blurring" as well as by "tarnishment." This district court

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[5] The statement of McCarthy that Petitioner quotes at Pet. 16 addresses the association-of-the-marks aspect of dilution. However, Petitioner does not challenge that aspect of the Fourth Circuit's standard. Moreover, McCarthy apparently was unaware that the survey facts in this case establish that consumers do not associate Utah's mark with Ringling's mark. *See* STATEMENT, *supra*.

opinion employed an abbreviated approach for Internet abuse quite similar to that of the Ninth Circuit in *Panavision*. The response given above to Petitioner's discussion of *Panavision* is therefore applicable here. The Third Circuit affirmed only the result in *Brodsky*, the decision having been rendered without a published opinion.

Since *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d 1629 (E.D. Pa. 1996), *aff'd*, 116 F.3d 471 (3d Cir. 1997), applied the so-called Sweet factors, *Wawa* cannot correctly be said to have aligned itself in behalf of the Third Circuit with the First, Eighth or Ninth Circuits and against the Fourth Circuit, because the First, Eighth and Ninth Circuits, along with the Fourth Circuit, have all bypassed the Sweet factors and directly applied the Act. Also, the Third Circuit affirmed only the result in *Wawa*, the circuit court opinion not having been reported because of its lack of " 'precedential or institutional value.' " *Wawa*, 116 F.3d at 471.

More importantly as to the Third Circuit, there are two district court decisions from that circuit that do directly apply the FTDA and that adopt the Fourth Circuit's standard by express reference to it. *See World Gym Licensing, Ltd. v. Fitness World, Inc.*, No. Civ. PJM 97-3558, 1999 WL 301324 at *10-11 (D. Md. April 26, 1999) (closely paraphrasing the standard and then applying it) (acknowledged in the Petition at 19); *American Cyanamid Co. v. Nutraceutical Corp.*, No. Civ. A. 97-2018, 1999 WL 397723 at *11 (D.N.J. May 28, 1999) ("This Court is in agreement with the Fourth Circuit and adopts the standard enunciated by the court in Ringling.").[6]

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[6] The court quoted the Fourth Circuit's standard verbatim, including the challenged third element as follows: " '(3) an actual lessening of the senior mark's selling power, expressed as "its

Further, with regard to what the analytical framework should be, the court in *American Cyanamid* stated the following before it adopted the Fourth Circuit's standard: "This Court has been unable to locate any Third Circuit decisions taking a stand on this issue. Accordingly, the Court looks to other Circuits for their thoughtful guidance." *Id.* at *10, n.10. Thus, contrary to Petitioner's assertion, the Courts of the Third Circuit align themselves with the standard supplied by the Fourth Circuit in this case.

The Fourth Circuit's decision does not conflict with *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480 (7th Cir. 1988). *Celozzi-Ettelson* applied not the FTDA but the Illinois dilution act, which consisted of terms different from those of the FTDA, and, significantly, included as a standard, "likelihood . . . of dilution,"[7] rather than the FTDA's requirement that a plaintiff prove that another person's use of a mark "causes dilution" of the plaintiff's mark by "lessening" its capacity. The "dilution is an infection" and "erosion" metaphors are colorful, but hardly the stuff of which legal standards are made. The Fourth Circuit did not reject the metaphors, but performed the legal analysis necessary to apply the FTDA as written. Finally, even in the context of the more plaintiff-accommodative Illinois act, *Cellozi-Ettelson* represents a high-water mark for ease of proof in a state dilution case in that it "most drastically" simply presumes actionable dilution from the identity or similarity of the marks. *See* App. 16a.

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capacity to identify and distinguish goods or services.'" *American Cyanamid*, 1999 WL 397723 at *11.

[7] *Id.* at 482.

In sum, the Fourth Circuit's decision does not conflict with decisions of other federal circuits by including in its standard a requirement that FTDA plaintiffs show "an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services,' " whether stated in this way or in the alternative way Petitioner has partially reported. *Compare* Pet. App. 19a *with* Pet. App. 26a.[8] There is clearly no need for this Court to review the challenged Fourth Circuit standard, which has been expressly adopted by the only other federal courts to consider it.

II. THE PETITION PRESENTS NO IMPORTANT QUESTION INASMUCH AS THE FOURTH CIRCUIT'S DECISION CORRECTLY FOLLOWS THE ACT AND PRESERVES THE VIABILITY OF PROPER CAUSES OF ACTION

The Fourth Circuit's decision not only creates no conflict in the circuits, but also outlines an appropriate framework for analysis. Indeed, all federal judges who have addressed the Fourth Circuit's standard have approved it.[9] This case raises no important question warranting the attention of this Court.

By its assertions that the circuit court was wrong to draw a "distinction between dilution under the FTDA

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[8] *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 539 (1987), which Petitioner cites at Pet. 18, n. 12, is not a case involving the FTDA or even dilution. That case, identifying what Congress "could determine" in protecting the Olympics, has no bearing on what Congress did determine in the FTDA.

[9] Three Fourth Circuit judges expressed the standard and two district judges adopted it in *American Cyanamid Co. v. Nutraceutical Corp.*, No. Civ. A. 97-2018, 1999 WL 397723, *10, 11 (D.N.J. May 28, 1999), and *World Gym Licensing, Ltd. v. Fitness World, Inc.*, No. Civ. PJM 97-3558, 1999 WL 301324, at *10-11 (D. Md. Apr. 26, 1999).

and dilution under state law" and that "Congress drew directly on the existing judicial decisions interpreting state dilution law" (Pet. 23), Petitioner suggests that the FTDA is the same as the pre-FTDA state acts and that state law on dilution was uniform. In fact, the FTDA is significantly different from the typical acts the state cases had interpreted, as discussed below, and "there is considerable disagreement [in the state courts] on the basic elements of dilution." Welkowitz, *supra*, at 547. *See also* H.R. Rep. No. 104-374, at 2-3 (1995) ("court decisions have been inconsistent" and "dilution varies from state to state"). Moreover, in view of the "nebulous" nature of dilution,[10] and judicial recognition that a "broad reading of dilution would bring us close to the constitutional edge," [11] a court construing a dilution act is well justified in taking care "not to give it an overly broad application." [12]

Petitioner mistakenly assigns error to the circuit court for three alleged "flaws" in its reasoning. Pet. 21-22. First, in response, a central feature of the FTDA is its requirement that a claimant show that "another person's

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[10] *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983) (construing New York dilution statute). *See also American Express Co. v. Vibra Approved Labs*, 10 U.S.P.Q.2d 2006, 2012 (S.D.N.Y. 1989) ("Dilution is an amorphous concept").

[11] *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998) ("A broad reading of dilution would bring us close to the constitutional edge, and we decline to attribute such brinkmanship to Congress, and so insist on a rigorous review."). *See also Restatement (Third) of Unfair Competition* § 25 cmt. b (1995) (Courts have recognized "that broad interpretation of the statutes would undermine the balance between private and public rights reflected in the traditional limits of trademark protection.").

[12] *Coffee Dan's Inc. v. Coffee Don's Charcoal Broiler*, 305 F. Supp. 1210, 1217 n.13 (9th Cir. 1969) (construing California's dilution statute) (cited in *Toho Co. v. Sears Roebuck & Co.*, 645 F.2d 788, 793 (9th Cir. 1981)).

commercial use . . . of a mark . . . causes dilution of the distinctive quality of the famous mark." 15 U.S.C. § 1125(c)(i). This "causes dilution" language plainly imposes on a plaintiff a burden to show the present actual existence of dilution, which is significantly different from showing only a "likelihood of dilution."

Second, the FTDA's "lessening of the capacity" of the senior mark "to identify and distinguish goods and services" is what has been recognized by courts and writers alike as the "injury to the mark's selling power" that must be proven to establish dilution. *See Clinique Labs., Inc. v. Dep Corp.*, 945 F. Supp. 547, 562 (S.D.N.Y. 1996) (construing the FTDA and stating that "blurring is concerned with an injury to the mark's selling power"); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows*, 937 F. Supp. 204, 211 (S.D.N.Y. 1996) ("Blurring [under the FTDA] involves an injury to the mark's selling power . . . ."); *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 624-25 (2d Cir. 1983) ("The interest protected by [the New York dilution statute] is . . . the selling power that a . . . mark . . . has engendered for a product in the mind of the consuming public."); *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.2d 27, 49 (1st Cir. 1998) (quoting Kliegler, *Trademark Dilution: The Whittling Away of the Rationale Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789, 826-27 (1997), that the key issue in dilution is "whether a particular junior use will debilitate the selling power of a mark"); *American Cyanamid Co. v. Nutraceutical Corp.*, No. Civ.A. 97-2018, 1999 WL 397723 at *11 (D.N.J. May 28, 1999) (expressly "adopt[ing] the standard enunciated by the [circuit] court in Ringling," including its requirement number (3) of " 'an actual lessening of the senior mark's selling power, expressed as "its capacity to identify and distinguish goods or services." ' ").

Thus, when the Fourth Circuit identified as the third element of dilution "an actual lessening of the senior mark's selling power, expressed as 'its capacity to identify and distinguish goods or services' " (Pet. App. 19a), the court was squarely in line with accepted doctrine.[13]

That an FTDA claimant must prove an injury to the senior mark's selling power is one of the few things the parties and the courts in this case had all agreed on. The statement in *Clinique* that blurring is "concerned with an injury to the mark's selling power" was quoted by Petitioner itself in closing argument in the district court (App. 1a), in Petitioner's opening brief to the Fourth Circuit (App. 3a) and in the district court's opinion (Pet. App. 50a, n.9). That expression is virtually identical to the standard of the circuit court,[14] to which Petitioner now objects.

Third, Petitioner inaccurately states that the "Fourth Circuit was simply incorrect in assuming that state dilution laws uniformly include the 'likelihood of dilution' language." Pet. 22. The Fourth Circuit made no such assumption. The court stated that "[t]hough they of course varied in detail, the state statutes [in existence when the FTDA was passed] *typically had* four features of relevance for our interpretive purposes: . . . 2) they proscribed not just actual consummated dilution, but the likelihood of dilution." Pet. App. 9a-10a (emphasis added). Indeed, the 1992 model state act included the "likelihood of dilution" language, as of 1994 approximately twenty-six states had adopted that model act or a substantially similar provision and the "likelihood of

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13 There can be no legitimate objection to the word "actual" in the circuit court's standard. It is an appropriate requirement that dilutive harm be more than imaginary.

14 *See* Pet. App. 19a and 26a.

dilution" language still appears in many state dilution statutes. *See* McCarthy, *supra*, §§ 24.80 & 24.90. The statutes of the three states that had generated the bulk of the state dilution cases, New York, Illinois and California, had in them the "likelihood of dilution" language.[15] More salient than Petitioner's citation of 14 state dilution laws that do not contain the "likelihood of dilution" language,[16] only four of those laws that now include the term "causes dilution" took effect before the April 17, 1996 enactment of the FTDA—the statutes for Connecticut, Iowa, New Jersey and South Carolina.

Whatever may be said of "infections" and "bee stings," it must also be said that the FTDA expressly requires a claimant to show that "another person's [singular] . . . use . . . of a mark . . . causes dilution." 15 U.S.C. § 1125(c)(1) (1998). In any event, ours is a system of individual justice, and a defendant could not constitutionally be held vicariously liable for the conjectural future acts of others based on generalized metaphors.

The gloss courts have placed on trademark infringement provisions in the Lanham Act is inapplicable to the FTDA since "[d]ilution is separate and distinct from trademark infringement." *Luigino's Inc. v. Stouffer Corp.*, 170 F.3d 827, 832 (8th Cir. 1999) (addressing the

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[15] *See* N.Y. Gen. Bus. Law, § 368-d ("Likelihood . . . of dilution") (quoted in *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 624 (1983)); Ill. Rev. Stat. ch. 140 § 22 ("likelihood . . . of dilution") (quoted in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson*, 855 F.2d 480, 483 (7th Cir. 1988)); Cal. Bus. & Prof. Code § 14330 (West Supp. 1980) ("Likelihood . . . of dilution") (quoted in *Toho Co., Ltd. v. Sears, Roebuck & Co.*, 645 F.2d 788, 793 (1981)). The New York statute was transferred to N.Y. Gen. Bus. Law § 360-e in 1996 and a new Illinois statute employing the phrase "causes dilution" was enacted in 1998. *See* 765 Ill. Comp. Stat. 1036/65.

[16] Pet. 22 & n.16.

FTDA). The FTDA does not provide more or less protection than prior trademark law, but a different kind of protection. As an illustration, the six Sweet factors that were drawn from trademark law are now being recognized as inapplicable to the FTDA.

Contrary to Petitioner's assertion, the circuit court did not say that proving dilution under its standard will be "extraordinarily" difficult. Pet. 26. The court did say that "[p]roof will be difficult, because actual, consummated dilutive harm and its causes are difficult concepts." Pet. App. 33a. But it added that "the concept is a substantively viable one, and the means of proof are available." *Id.* Extending assistance to potential claimants, the court specifically directed them to the kinds of proof that would be probative. *Id.*

It was Congress and not the court that reserved injunctive relief for claimants who established that another person's use of a mark "causes dilution" by "lessening the capacity" of the senior mark "to identify and distinguish goods or services." Upon showing already existing dilution, a claimant is entitled to injunctive relief.

III. THE COURT SHOULD DECLINE REVIEW OF THE CIRCUIT COURT'S DENIAL OF PETITIONER'S JURY DEMAND

Regardless of just what dilution standard is applied, Petitioner's evidence was insufficient to create a genuine issue of material fact on willful intent, a prerequisite for a jury under the FTDA. *See* Pet. App. 78a. Petitioner's first of two proffers of evidence was that Respondent had produced for Ski-Utah [17] membership plaques, and not for resale, a run of 500 ski replicas each approximately three

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[17] Ski-Utah is an association of government and private entities that promotes tourism in Utah.

feet long that bore the words "SKI UTAH 'THE GREATEST SNOW ON EARTH!' " and also a one-half inch long depiction of the five-ring symbol of the International Olympic Committee. C.A. App. A-125-26. The Fourth Circuit correctly ruled that this use of the allegedly diluting mark, standing alone, does not constitute willful intent. Pet. App. 36a. Petitioner's second proffer was that Utah knew of Petitioner's mark before Utah adopted its mark and that the marks were, in Petitioner's view, strikingly similar. However, the circuit court correctly agreed with the district court that "Utah's adoption and use of its mark notwithstanding its knowledge of Ringling's mark is 'as consistent with a belief that Utah's mark does not dilute as . . . with an allegation of "willful intent." ' " Pet. App. 36a.

Petitioner's demand for a jury was properly declined by the district court on the alternative ground that Petitioner "failed to introduce any evidence of actual damages" (Pet. App. 78a and 36a), leaving only a claim for injunctive relief, for which there is no right to a jury trial. Pet. App. 78a and authorities cited.[18]

Petitioner's jury-trial argument based on the premise that the Fourth Circuit's interpretation of dilution was in error fails also because, as shown above, the Fourth Circuit's interpretation of dilution was not in error.

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[18] Petitioner did not seek an accounting at trial and the argument in Petitioner's footnote 18 regarding an accounting was never made in the trial court or in the circuit court and is not properly presented for the first time here. Petitioner's argument in the circuit court that a "reasonable royalty" should be awarded as monetary relief in lieu of actual damages not only is in conflict with the FTDA, but also was not asserted in the trial court or in the petition, and is therefore not in issue.

CONCLUSION

The petition for certiorari should be denied.

Respectfully submitted,

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July 1999

APPENDICES

APPENDIX A

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

Civil Action 96-788-A

RINGLING BROTHERS, BARNUM AND BAILEY COMBINED SHOWS,
Plaintiff,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,
Defendant.

REPORTER'S TRANSCRIPT

BENCH TRIAL

VOLUME 2 OF 2

Tuesday, February 2, 1997

* * * *

[ARGUMENT OF RINGLING BROTHERS COUNSEL]

[57] [ATTORNEY POKOTILOW]: I would also note that, of course, Clinique speaks to the blurring that's concerned with an injury to the mark's selling power.

* * * *

[77] ATTORNEY POKOTILOW: Okay. And I am about to deal with these issues, your Honor.

Now, in the testimony, when we talk about the injunction that we are seeking here, we look for prospective

relief, and we believe that the defendants would have the right, based on their prior use before the [78] statute, to certain activities that they have proven in this Court, and only those that they have proven in this Court.

* * * *

The third evidence that they put in was that for the last three years they have used it on hats, [79] T-shirts and sweatshirts, but only with "Ski Utah" on it, only for Ski Utah, only by Utah merchants, sold in Utah. Those are the only three areas that they have proved they have used it.

* * * *

APPENDIX B

[Excerpt from Brief of Plaintiff-Appellant Filed on June 10, 1997 in the United States Court of Appeals for the Fourth Circuit, Docket No. 97-1399, at 15]

* * * *

The type of dilution at issue in this case is "blurring." [7] Dilution by blurring is concerned with an injury to the "value of a mark," *Celozzi*, 855 F.2d at 484, or, to put it another way, "the mark's selling power." *Clinique*, 945 F. Supp. at 562 (quoting *Hormel Foods Corp. v. Jim Henson Prod.*, 73 F.3d 497, 506 (2d Cir. 1996)). . . .

* * * *

ON FILED
JUL 14 1999

No. 98-2004

(3)

IN THE
SUPREME COURT OF THE UNITED STATES

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC.

Petitioner

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT

Respondent

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

MOTION FOR LEAVE TO FILE AND BRIEF OF REVLON CONSUMER PRODUCTS CORPORATION, WARNER-LAMBERT COMPANY, DEERE & COMPANY, NEWSWEEK, INC., BACARDI & COMPANY LIMITED, H-D MICHIGAN, INC., BENETTON GROUP, S.p.A., DISNEY ENTERPRISES, INC., THE PROCTOR & GAMBLE COMPANY, BANK OF AMERICA CORPORATION, AND PUBLIC BROADCASTING SERVICE AS AMICI CURIAE IN SUPPORT OF GRANT OF PETITION FOR WRIT OF CERTIORARI

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No. 98-2004

IN THE
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v.

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Revlon Consumer Products Corporation, Warner-Lambert Company, Deere & Company, Newsweek, Inc.,

Bacardi & Company Limited, H-D Michigan, Inc., Benetton Group, S.p.A., Disney Enterprises, Inc., The Proctor & Gamble Company, Bank of America Corporation, and Public Broadcasting Service (the "Trademark Owners") hereby seek leave pursuant to Supreme Court Rule 37.2 to file the attached brief *amici curiae* in support of the petition for writ of certiorari filed by Ringling Bros.-Barnum & Bailey Combined Shows, Inc. Petitioner has consented and Respondent has not consented to the filing of this brief.*

The decision in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449 (4th Cir. 1999), presents the question of whether the owner of a famous trademark must prove actual economic harm to the selling power of that mark in order to obtain injunctive relief under the Federal Trademark Dilution Act, codified at § 43(c) of the Federal Trademark Act, 15 U.S.C. § 1125(c) ("FTDA"). As the owners of famous marks, the Trademark Owners have a substantial interest in insuring they are not required to prove more than the FTDA requires when seeking injunctive relief against parties that are diluting their marks.

The Trademark Owners believe that their participation as *amici curiae* will provide the Court with a broader perspective on, and a greater understanding of, the harmful effect to the owners of famous marks if the injunctive standard announced by the Fourth Circuit is allowed to stand. Accordingly, the Trademark Owners

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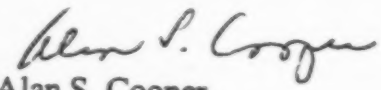
* A true copy of a letter, dated July 13, 1999, from counsel for Petitioner is submitted herewith.

respectfully seek leave to file the attached amici curiae brief supporting Petitioner.

Dated: July 14, 1999

Respectfully submitted,



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QUESTION PRESENTED

Amici Curiae, Revlon Consumer Products Corporation, Warner-Lambert Company, Deere & Company, Newsweek, Inc., Bacardi & Company Limited, H-D Michigan, Inc., Benetton Group, S.p.A., Disney Enterprises, Inc., The Proctor & Gamble Company, Bank of America Corporation, and Public Broadcasting Service will address the following question presented by the decision in *Ringling-Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449 (4th Cir. 1999):

> Whether Congress, in passing the Federal Trademark Dilution Act ("FTDA"), intended to require the owner of a famous trademark to prove actual economic harm to the selling power of that mark in order to obtain injunctive relief under the FTDA?

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IN THE
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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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INTEREST OF AMICI CURIAE[1]

Each of the following businesses owns famous federally registered trademarks which are adversely affected

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[1] Pursuant to Supreme Court Rule 37.6, the Trademark Owners hereby state that no counsel for a party has authored this brief in whole or in part, and that no person or entity other than the Trademark Owners has made a monetary contribution to the preparation or submission of the brief *amici curiae*.

by the Fourth Circuit's decision that liability under the FTDA[2] requires proof that the defendant's conduct causes actual economic harm to the selling power of the famous mark:

(1) Revlon Consumer Products Corporation, a Delaware corporation, is the owner of the famous mark REVLON for cosmetics.

(2) Warner-Lambert Company, a Delaware corporation, is the owner of the famous mark LISTERINE for antiseptic medical preparations.

(3) Deere & Company, a Delaware corporation, is the owner of the famous mark JOHN DEERE & Leaping Deer Design for agricultural, construction, and lawn and garden equipment.

(4) Newsweek, Inc., a New York corporation, is the owner of the famous mark NEWSWEEK for a weekly magazine.

(5) Bacardi & Company Limited, a Liechtenstein corporation, is the owner of the famous mark BACARDI for alcoholic beverages.

(6) H-D Michigan, Inc., a Michigan corporation, is the owner of the famous mark HARLEY-DAVIDSON for motorcycles.

(7) Benetton Group, S.p.A., an Italian corporation, is the owner of the famous mark BENETTON for apparel and related retail store services.

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[2] The FTDA is codified as § 43(c) of the Federal Trademark Act, 15 U.S.C. § 1125(c), and is sometimes hereinafter referred to as "§ 43(c)."

(8) Disney Enterprises, Inc., a Delaware corporation, is the owner of the famous mark DISNEY for entertainment services and products.

(9) The Proctor & Gamble Company, an Ohio corporation, is the owner of the famous mark TIDE for laundry detergent and other famous marks.

(10) Bank of America Corporation, a Delaware corporation, is the owner of the famous mark BANK OF AMERICA for financial services.

(11) Public Broadcasting Service, a District of Columbia non-profit corporation, is the owner of the famous mark PBS for television programs and other entertainment and educational services.

It is believed that the participation of these owners of famous trademarks, which have a vital interest in correct application of the FTDA, will provide the Court with a broader perspective and a greater understanding of the harmful effect of the Fourth Circuit's fundamentally erroneous decision on the protection of famous trademarks.

SUMMARY OF ARGUMENT

Ringling Bros. holds that to obtain injunctive relief under the FTDA, the owner of a famous trademark must show that the diluting use has caused actual, present harm to the economic value of that mark. That decision is in error because the harm caused by dilution is a gradual erosion of a famous mark's commercial magnetism which results when it is used on an increasing number of commercially unrelated products. As the harm stems from the cumulative effect of these unrelated uses, proving actual, present harm in a given case is extremely difficult. Moreover, by the time the owner of the famous mark can establish the requisite harm, the

economic value of the famous mark already will have been irreparably diminished.

Requiring proof of actual, present harm directly contravenes the legislative intent in enacting the FTDA -- to provide greater protection to famous marks than is afforded by the infringement provision in § 32(1) of the Federal Trademark Act, 15 U.S.C. § 1114(1). To obtain an injunction against infringement, the trademark owner need only establish that the defendant's use results in a likelihood of confusion. Once a likelihood of confusion is shown, the required element of irreparable injury is presumed and proof of actual harm is not required. By requiring a trademark owner to show actual, present harm before enjoining a diluting use of the famous mark, the *Ringling Bros.* decision frustrates the intended purpose of the FTDA by making it more difficult to obtain relief against dilution than infringement. Moreover, the actual harm requirement is inconsistent with the basic remedial principle of trademark law that a showing of a likelihood of economic harm rather than actual economic harm is sufficient to warrant injunctive relief.

For all of these reasons, certiorari should be granted to reverse an erroneous opinion which deprives the owners of famous trademarks of needed protection against dilution. Alternatively, if Respondent now asserts a claim of sovereign immunity because it is a state agency, the Court should grant certiorari and vacate and remand the Fourth Circuit's decision for further consideration in light of three recent decisions dealing with the issue of sovereign immunity under the Eleventh Amendment.

ARGUMENT

THE FOURTH CIRCUIT'S HOLDING THAT PROOF OF ACTUAL ECONOMIC HARM IS REQUIRED TO ESTABLISH TRADEMARK DILUTION FRUSTRATES THE CONGRESSIONAL INTENT IN ENACTING THE FTDA, UNDERMINES THE CONCEPT OF DILUTION, AND IS INCONSISTENT WITH BASIC TRADEMARK PRINCIPLES.

The Fourth Circuit concluded that the FTDA is intended to provide relief only where the defendant's conduct has caused actual, present harm to the economic value of a famous trademark as a product-identifying and advertising agent, i.e., its selling power. 170 F.3d at 453.[3] This conclusion frustrates the Congressional intent in enacting the FTDA, undermines the concept of dilution, and is inconsistent with basic remedial principles of the Federal Trademark Act. For all of these reasons, certiorari should be granted not only to resolve the conflict between the circuits,[4]

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[3] The Fourth Circuit rejected the alternative theory of protection based on the gradual erosion of the distinctiveness of the famous mark because the language of § 43(c) speaks in terms of "dilution" as distinguished from the various state trademark dilution statutes which express the same concept as a "likelihood of dilution." However, that distinction is unwarranted because "dilution" was defined by Congress in § 45 of the Federal Trademark Act, 15 U.S.C. § 1127, as the "lessening of the *capacity* of a famous mark to identify and distinguish . . . ." (emphasis supplied). Thus, § 45 incorporates a probability test into the definition of dilution which makes the omission of the words "likely to dilute" meaningless. *See* J.T. McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24:90 at 24-142 – 24-143 (4th ed. 1998).

[4] The conflict between the Fourth Circuit's decision and the decisions of the other Federal Courts of Appeal is clearly stated at pp. 13-19 of the petition and need not be repeated.

but to provide guidance in correctly interpreting this very significant new provision in the Federal Trademark Act which affords needed protection to famous trademarks.

I. THE FOURTH CIRCUIT'S DECISION FRUSTRATES THE INTENT OF CONGRESS IN ENACTING THE FTDA

Congress was motivated to enact the FTDA by the recognition that even in the absence of likelihood of confusion, "the potency of a [famous] mark may be debilitated by another's use . . . ." H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N 1029. Thus, the FTDA was designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark even in the absence of likelihood of confusion such as, for example, KODAK pianos. 141 CONG. REC. H14317-01 (1995). The need to enact the FTDA arose from the Congressional awareness that the law of infringement does not afford protection against an adverse use which blurs the distinctiveness of a famous mark but does not result in any likelihood of confusion. For that reason, the concept of dilution is defined by § 45 of the Act in terms of lessening the capacity of a famous trademark to identify and distinguish the trademark owner's goods or services even in the absence of likelihood of confusion or competition between the parties.

By defining dilution without regard to likelihood of confusion or competition between the parties, it is obvious that Congress intended that the FTDA would provide greater protection to famous marks than is afforded to marks generally under the concept of infringement. That greater protection, however, is emasculated by the Fourth Circuit's requirement that actual, present, measurable economic harm to the selling power of the famous mark must be established in order to grant injunctive relief against dilution under § 43(c). Moreover, as discussed below, the requirement of

showing actual, present economic hardship is fundamentally inconsistent with basic principles of trademark protection which long antedate the concept of dilution.

II. THE FOURTH CIRCUIT'S DECISION UNDERMINES THE CONCEPT OF TRADEMARK DILUTION

A trademark is defined in terms of the functions it performs in the world of commerce; it identifies the goods or services of one business and distinguishes them from the goods or services of another. *See Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163-66 (1995); Federal Trademark Act § 45, 15 U.S.C. § 1127. A famous trademark is one which performs those functions in a virtually singular fashion. For example, the famous trademark COKE is perceived as identifying "a single thing coming from a single source." *Coca-Cola Co. v. Koke Co. of America*, 254 U.S. 143, 146 (1920).

Because it is so highly recognized, a famous trademark immediately conveys important information to the consumer about the product's characteristics, qualities and performance. That information enhances the ability of consumers to make informed purchasing decisions. *See Qualitex Co.*, 514 U.S. at 163-64. The value of that symbol in inducing consumers to select those products which have performed satisfactorily in the past results in a commercial magnetism having great value to the trademark owner. *See Mishawaka Rubber & Woolen Mfg. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942). It is these valuable attributes, typically generated by many years of producing exemplary products, which warrant the expanded protection Congress intended to afford to famous trademarks under the FTDA.

The harm caused by dilution is the gradual erosion of the commercial magnetism of a famous mark which results when that mark, or a variation thereof, is used by others on a

progressively increasing number of commercially unrelated products. *See McCarthy on Trademarks and Unfair Competition, supra,* § 24:94 at 24-161 ("Like being stung by a hundred bees, significant injury is caused by the cumulative effect, not by just one."). Thus, for example, the marketing and sale of REVLON furniture followed by the successive use of REVLON for other non-competitive products such as cameras, lighting fixtures, clocks, beverages, tires and computers inevitably will diminish the capacity of that famous mark to identify cosmetics. However, by requiring a showing of actual economic harm to enjoin even the first of these diluting uses, the Fourth Circuit essentially is demanding proof of the cumulative effect of these successive diluting uses. That requirement undermines the basic concept of dilution which is to prevent the progressive dimunition of the distinctiveness of famous trademarks.

As the Fourth Circuit recognized,[5] proving the requisite actual economic harm caused by the defendant's conduct is very difficult. That difficulty is compounded when a vigilant trademark owner seeks to enjoin the first or second diluting use. Equally important, if the owner of a famous trademark cannot establish actual economic harm until after the full effect of the successive diluting uses has occurred, injunctive relief will be ineffective to restore the lost value of the mark.[6]

---

5 170 F.3d at 464.

6 Although the FTDA provides for the recovery of compensatory damages in the case of willful dilution, that remedy also would be meaningless because of the difficulties in calculating the value of the lost selling power and assessing those damages against the various entities responsible for the successive diluting uses.

III. THE FOURTH CIRCUIT'S DECISION IS INCONSISTENT WITH BASIC REMEDIAL PRINCIPLES OF THE FEDERAL TRADEMARK ACT

Section 34 of the Federal Trademark Act, 15 U.S.C. § 1116, empowers the Federal Courts to enjoin violations of federally registered marks. The irreparable injury required to support the grant of an injunction against an infringing use flows from the predicate finding that use of defendant's mark is likely to cause confusion. *E.g., Lone Star Steakhouse & Saloon v. Alpha of Va.*, 43 F.3d 922, 939 (4th Cir. 1995); *International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1092 (7th Cir. 1988).[7] Thus, irreparable injury is presumed where there is a finding of likelihood of confusion. *E.g., General Mills, Inc. v. Kellogg Co.*, 824 F.2d 622 (8th Cir. 1987). Proof of actual confusion is not required. *E.g., E. Remy Martin & Co., S.A. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1529-30 (11th Cir. 1985); *Fleishmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 159 n. 13 (9th Cir.), *cert. denied*, 374 U.S. 830 (1963).

Section 35 of the Federal Trademark Act, 15 U.S.C. § 1117, provides for monetary relief in the case of infringement.[8] However, an award of damages typically involves difficult issues of proof, including the amount of the

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[7] The injury to the trademark owner resulting from likelihood of confusion, by its very nature, is not susceptible of adequate measurement for remedy at law and therefore is irreparable. *See, e.g., Processed Plastic Co. v. Warner Communications, Inc.*, 675 F.2d 852 (7th Cir. 1982); *Professional Golfers Ass'n v. Bankers Life & Cas. Co.*, 514 F.2d 665 (5th Cir. 1975).

[8] The specific remedies provided for in § 35 are an award of the compensatory damages sustained by the plaintiff, an accounting of the defendant's profits attributable to the infringement, and an award of reasonable attorneys' fees to the prevailing party in an exceptional case.

damages sustained by the plaintiff, a showing that those damages were proximately caused by the infringing use, and some element of bad faith or wrongful intent on the part of the defendant. *See Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 916-21 (Fed. Cir. 1984); *Restatement (Third) of Unfair Competition*, § 36, cmts. h. and i., at 3884 (1995). For these reasons, an injunction alone often is fully adequate to satisfy the equities of the case. *E.g.*, *Champion Spark Plug Co. v. Sanders*. 331 U.S. 125, 130 (1947);[9] *Valmor Products Co. v. Standard Products Corp.*, 444 F.2d 200, 204 (1st Cir. 1972). Thus, the principal remedy for trademark infringement is an injunction which will be granted upon a showing of a likelihood of confusion that the defendant's products emanate from or are sponsored by the plaintiff. *E.g., Opticians Ass'n of America v. Independent Opticians of America*, 920 F.2d 187, 196-97 (3d Cir. 1990); *Church of Scientology Int'l v. Elmira Mission of the Church of Scientology*, 794 F.2d 38, 41 (2d Cir. 1986). The law of trademark infringement does not require that actual, present economic harm to the value of the trademark, *i.e.*, the goodwill which it symbolizes, must be demonstrated in order to obtain injunctive relief. *See Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633 (1st Cir. 1992).

The Fourth Circuit has committed a fundamental error in departing from the basic principle of trademark law that an evidentiary showing of a likelihood of economic harm, as distinguished from actual economic harm, is sufficient to warrant injunctive relief. The reason given by the Fourth Circuit for this departure is that the FTDA speaks in terms of "dilution" rather than "likelihood of dilution." However, as noted above, the absence of the wording

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[9] Although the *Champion* case was decided under the Federal Trademark Act of 1905, which is the predecessor of the current Act, it remains a leading decision regarding the right to recover under § 35. *Bandag, Inc.*, 750 F.2d at 917 n.14.

"likelihood of dilution" does not compel the Fourth Circuit's conclusion because a probability test is inherent in the statutory definition of dilution (*i.e.*, "lessening of the capacity of a famous mark to identify and distinguish . . . ."). *McCarthy on Trademarks and Unfair Competition, supra,* § 24:90 at 24-142 – 23-143. *See also*, Petition for Writ of Certiorari, pp. 20-23.

By mandating proof of actual economic harm to obtain an injunction against dilution, the Fourth Circuit makes it substantially more difficult to establish dilution than to establish infringement notwithstanding the fact that dilution does not require a showing of likelihood of confusion or a competitive relationship between the products in issue which are the hallmarks of infringement. This anomaly is clearly illustrated by *World Gym Licensing, Ltd. v. Fitness World, Inc.*, No. P.J.M. 97-3558, 1999 U.S. Dist. LEXIS 6971 (D. Md. Apr. 26, 1999), the first reported decision to apply the Fourth Circuit's holding in *Ringling Bros*. In *World Gym Licensing*, the District Court enjoined the defendant's infringing use based on a finding of likelihood of confusion. In the context of the plaintiff's dilution claim, the plaintiff's mark was found to be famous and the marks in issue were sufficiently similar to evoke a mental association between them. However, the District Court denied relief for dilution because the plaintiff did not submit the "hard proof of actual economic harm that Ringling Brothers demands in support of this cause of action." 1999 U.S. Dist. LEXIS 6971, at *31. Thus, as illustrated by *World Gym*, the practical effect of the Fourth Circuit's decision is to provide less protection for an admittedly famous mark under the FTDA than is accorded to the same mark in a conventional claim for infringement. That result is fundamentally inconsistent with one of the key purposes of the FTDA which is to provide for greater, not less, protection for famous marks.

Both the Fourth Circuit and the District Court found that Respondent is an agency of the State of Utah.[10] However, Respondent has never asserted a claim of sovereign immunity under the Eleventh Amendment at any stage of this civil action and, indeed, such a claim may be waived. *Patsy v. Board of Regents of Fla.*, 457 U.S. 496 (1982).

Since the filing of the petition for certiorari in this matter, the Court has rendered three important decisions involving sovereign immunity under the Eleventh Amendment, two of which present questions of sovereign immunity from claims under federal intellectual property statutes. *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, No. 98-149, 1999 U.S. LEXIS 4375 (U.S. June 23, 1999); *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, No. 98-531, 1999 U.S. LEXIS 4376 (U.S. June 23, 1999); *Alden v. Maine*, No. 98-436, 1999 U.S. LEXIS 4374 (U.S. June 23, 1999).

In the event that Respondent were now to assert a claim of sovereign immunity, the Court is urged to grant certiorari even if only for the limited purpose of vacating and remanding the Fourth Circuit's opinion for further consideration in light of these Eleventh Amendment decisions. Such action frequently is taken when recent decisions of the Court may affect the outcome of a civil action that is the subject of a pending petition for certiorari[11]

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10 170 F.3d at 451; *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 955 F. Supp. 605, 610 (E.D. Va. 1997).

11 *E.g., New Mexico Dep't of Public Safety v. Whittington*, No. 98-1110, 1999 U.S. LEXIS 4424 (U.S. June 24, 1999); *Arizona Dep't of Education v. Jacoby*, No. 98-4, 1999 U.S. LEXIS 4420 (U.S. June 24, 1999).

and is particularly appropriate where, as in this instance, the lower court's decision undermines an important federal statute.

CONCLUSION

The amici curiae submit that certiorari should be granted so that the Court can correct a fundamental misinterpretation of the FTDA that effectively deprives the owners of famous trademarks of valuable protection against dilution. The grant of certiorari is warranted in this instance because the Fourth Circuit, an influential appellate court in the area of intellectual property law, has rendered an opinion erroneously interpreting an important new concept of federal trademark law that is likely to be given significant weight even beyond the Fourth Circuit.[12] For that reason alone, the Court should grant certiorari to correct this erroneous decision or, at a minimum, grant certiorari and vacate and remand *Ringling Bros.* for consideration of important Eleventh Amendment questions.

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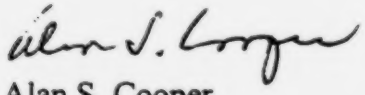
[12] Indeed, the *Ringling Bros.* decision not only has been followed by one District Court in the Fourth Circuit, but has been adopted by a District Court in the Third Circuit as well. *World Gym Licensing, Ltd. v. Fitness World, Inc.*, *supra*; *American Cyanamid Co. v. Nutraceutical Corp.*, No. 97-2018, 1999 U.S. Dist. LEXIS 9156 (D.N.J. May 28, 1999).

Respectfully submitted,



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No. 98-2004

IN THE

Supreme Court of the United States

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC.,

Petitioner,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

REPLY BRIEF FOR THE PETITIONER

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REPLY BRIEF FOR THE PETITIONER

Eleven owners of famous trademarks have filed a brief as *amici curiae* in support of the Petition that confirms the importance of the question presented for review. The Fourth Circuit's decision conflicts with decisions of other courts of appeals which – unlike the Fourth Circuit – do not limit relief under the Federal Trademark Dilution Act (FTDA) to plaintiffs who can prove an actual economic injury. Respondent fails to rebut the fundamental point that the courts of appeals are in conflict on an important question, and fails to offer any valid reason for denying review. The Petition should be granted.

1. The Fourth Circuit's decision holds that owners of famous marks are not entitled to relief under the FTDA unless they can prove "actual economic harm to the famous mark's economic value." Pet. App. 26a. Other courts of appeals impose no such requirement on plaintiffs. Accordingly, Respondent's contention that there is no circuit conflict is simply incorrect.[1]

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[1] Respondent wrongly accuses Petitioner of "featur[ing]...a fragmentary quotation of the [c]ourt's alternative expression of the standard" for proving dilution. Br. in Opp. 8 n.4. The Fourth Circuit concluded its discussion of the elements of dilution by holding, in clear terms, that the plaintiff must prove "actual economic harm to the famous mark's economic value by lessening its former selling power." Pet. App. 26a. The court's earlier references to "actual harm to the senior mark's economic value" and "an actual lessening of the senior mark's selling power," *id.* at 7a, 19a, also require proof of actual economic harm.

Respondent asserts that the standard adopted by the Fourth Circuit is "in essence" the standard that Petitioner advocated in the court of appeals. Br. in Opp. 8 n.4; *see also id.* at 16 (Petitioner advocated a "virtually identical" standard). That is flatly wrong. Petitioner's brief in the court of appeals stated: "To show dilution, the famous trademark owner need only demonstrate that a reasonable consumer makes *some kind of mental association between the marks of the two parties.*" Pet. C.A. Br. 9 (emphasis in original). The court of appeals stated: "As in the district court, [Petitioner] contends...that a famous mark is 'diluted' whenever a junior mark is sufficiently similar that consumers viewing them 'instinctively make a mental association' of the two." Pet. App. 7a (*quoting* Pet. C.A. Br. 9, 18-20).

Respondent contends that there is no conflict with the First Circuit's decision in *I.P.Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998), because (1) the First Circuit quoted "a comment of the district court, not a comment of the Fourth Circuit," and (2) the Fourth Circuit stated that it did "'not agree in every particular with the district court's interpretation.'" Br. in Opp. 8 (*quoting* Pet. App. 7a). The First Circuit did not quote the Fourth Circuit for the simple reason that the Fourth Circuit's opinion had not been issued when the First Circuit decided *I.P. Lund*. When the Fourth Circuit did issue its opinion, it left no doubt that it agreed with the aspect of the district court's decision rejected by the First Circuit. The Fourth Circuit "agree[d] with the district court that to establish dilution of a famous mark under the federal act requires proof [of]...actual economic harm to the famous mark's economic value," and stated that the "most obvious[]" way of proving "actual, consummated" harm is to show an "actual loss of revenues." Pet. App. 25a-26a, 33a.[2]

Respondent denies that there is a conflict with the Ninth Circuit's decision in *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998), because the opinion in *Panavision* quotes and applies Congress's definition of dilution without formulating a separate judicial standard. The Ninth Circuit cannot be faulted for applying the FTDA as it was written by Congress; it is the Fourth Circuit that erred by fashioning a standard that, by its own

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[2] Respondent calls attention to the First Circuit's "quotation of a scholarly source identifying as central, 'whether a particular junior use will debilitate the selling power of a mark.'" Br. in Opp. 9 (*quoting I.P. Lund*, 163 F.3d at 49, *quoting, in turn*, Robert N. Kliegler, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789, 826-27 (1997)). The full quotation – including the portion omitted from Respondent's brief – confirms the conflict between the First and Fourth Circuits. The First Circuit quoted with approval the statement that "'so long as a mark qualifies for dilution protection [*i.e.*, is a famous mark] and the senior and junior uses of the mark are not so unrelated as to foreclose the possibility of a mental connection, blurring...is a foregone conclusion.'" 163 F.3d at 49 (internal quotation omitted).

admission, "surely does not leap...from the statutory text." Pet. App. 7a. Moreover, the outcome in *Panavision* cannot be reconciled with the Fourth Circuit's holding that proof of actual economic harm is an element of dilution under the FTDA. The Ninth Circuit found dilution because consumers "*may* fail to continue to search for plaintiff's home page" and because the plaintiff's trademark "*could* be associated with an unimaginable amount of messages." 141 F.3d at 1327 (emphasis added)(internal quotations and citations omitted). The Ninth Circuit did not even ask whether the plaintiff had in fact suffered any actual economic injury.

Respondent characterizes the Eighth Circuit's opinion in *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827 (8th Cir. 1999), as "brief" and "partial," suggesting that the Eighth Circuit carelessly omitted some of the elements of dilution. Br. in Opp. 10. But the Eighth Circuit's opinion could not be clearer. The opinion states: "To establish a claim for trademark dilution by blurring, [the plaintiff] must show that its [senior] mark is famous, that [the defendant] began using a similar or identical mark after the [senior] mark became famous, and that [the junior] mark dilutes the distinctive quality of the [senior] mark by causing consumers to connect the [senior] mark with different products." 170 F.3d at 832 (*citing* 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* 24:70 (4th ed. 1999)). In the Eighth Circuit's view, causing consumers to make such a mental connection *is* dilution; the plaintiff is not required to make a further showing of actual economic injury.[3]

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[3] Professor McCarthy, applying the standard adopted in *Luigino's*, has concluded that Respondent diluted the Ringling mark. *See* 4 McCarthy, *supra*, § 24:94. Respondent asserts (Br. in Opp. 10 n.5) that Professor McCarthy was addressing only "the association-of-the-marks aspect of dilution," implying that Professor McCarthy recognizes an actual economic injury "aspect" of dilution. But Professor McCarthy, like the Eighth Circuit, *rejects* any such requirement. *See* 4 McCarthy, *supra*, § 24:94.

Respondent does not dispute that the Third Circuit has summarily affirmed two decisions finding trademark dilution in violation of the FTDA without requiring a showing of actual economic injury, and acknowledges (Br. in Opp. 11) that the decision in *Jews for Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J.), *aff'd mem.*, 159 F.3d 1351 (3d Cir. 1998), is "quite similar to that of the Ninth Circuit in *Panavision*." And, in *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d 1629 (E.D. Pa. 1996), *aff'd mem.*, 116 F.3d 471 (3d Cir. 1997), the court applied the so-called "Sweet factors" rejected by the Fourth Circuit, which do not require a showing of actual economic harm.[4]

Respondent dismisses the Seventh Circuit's decision in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480 (7th Cir. 1988), on the ground that it construed a state dilution statute rather than the FTDA. But Respondent does not deny that the Fourth Circuit's decision in this case is in sharp tension with the Seventh Circuit's conclusion that dilution is inherently not susceptible to proof of actual economic harm. *See* Pet. 16-17.[5]

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[4] Respondent cites two additional district court decisions that it claims show that "Courts of the Third Circuit align themselves with the...Fourth Circuit." Br. in Opp. 12. One of these decisions is actually from the Fourth Circuit. *See World Gym Licensing, Ltd. v. Fitness World, Inc.*, No. Civ. PJM 97-3558, 1999 WL 301324 at *10-11 (D. Md. Apr. 26, 1999). The other adopts the Fourth Circuit's standard, but without recognizing that it cannot be reconciled with the Third Circuit's prior summary affirmances. *See American Cyanamid Co. v. Nutraceutical Corp.*, No. Civ. A 97-2018, 1999 WL 397723 (D.N.J. May 28, 1999).

[5] Similarly, Respondent dismisses this Court's decision in *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522 (1987), on the ground that it did not construe the FTDA. *See* Br. in Opp. 13 n.8. In that case, this Court recognized and accepted the principle that "unauthorized uses, even if not confusing, nevertheless may [cause] harm...*by lessening the distinctiveness and thus the commercial value of the marks*." 483 U.S. at 539 (emphasis added)(citation omitted). That is precisely the concept of dilution that Congress wrote into the FTDA, and that the Fourth Circuit rejected.

In short, the Fourth Circuit's decision conflicts with decisions of other courts of appeals that do not require the plaintiff to prove actual economic injury under the FTDA. This conflict over the meaning of a basic term of the FTDA warrants review by this Court.

2. In discussing the importance of the question presented, the Petition for Certiorari contends that the Fourth Circuit's decision (a) effectively nullifies the FTDA, Pet. 18-19; and conflicts with (b) a basic trademark principle, *id.* at 23-26; (c) a basic principle of equity, *id.* at 26-27; and (d) the language and purpose of the FTDA, *id.* at 19-23. Respondent barely responds to the first three points, and offers a wholly inadequate response to the fourth point.[6]

a. Respondent does not dispute that the Fourth Circuit's decision practically obliterates the FTDA as a source of protection for trademark owners. Respondent makes no attempt to explain how the Fourth Circuit's suggested means of proving actual economic injury could actually succeed. Respondent also fails to cite a single case under the FTDA or state dilution law in which a court found that the plaintiff had proved actual economic harm.

b. Respondent observes (Br. in Opp. 17) that trademark dilution is distinct from trademark infringement. True enough, but the distinction actually undermines, rather than supports, the Fourth Circuit's standard. Proving actual economic harm in a trademark infringement case is quite difficult; that is a principal reason why proof of actual economic harm is not required in infringement cases. *See Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 640 (1st Cir. 1992). Proving actual economic harm in a dilution case (where consumer confusion is not required) is even *more* difficult. Thus, emphasizing the

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[6] Respondent also ignores the point that, under the Fourth Circuit's decision, the FTDA actually *reduces* the legal protection available to famous marks in certain cases – surely a result that Congress did not intend. *See* Pet. 23.

distinction between dilution and infringement serves to highlight the Fourth Circuit's error.

c. Respondent asserts (Br. in Opp. 18) that "[i]t was Congress and not the court that reserved injunctive relief for claimants who" can prove "already existing dilution." To the contrary, Congress expressly provided that claimants "shall be entitled" to injunctive relief "subject to the principles of equity." Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1). And it is a firmly established principle of equity that "an injunction may issue to prevent future wrong, although no right has yet been violated." *Swift & Co. v. United States*, 276 U.S. 311, 315 (1928).

d. On the merits, Respondent ignores Petitioner's argument that the plain language of the FTDA's definition of dilution, which is drawn from the statutory definition of "trademark" itself, makes clear that dilution is a matter of consumer perception rather than lost profits. *See* Pet. 20-21. Respondent correctly notes that relief is available under the FTDA when the defendant "causes" dilution. Br. in Opp. 15 (*quoting* 15 U.S.C. § 1125(c)(1)). But the causation requirement does not alter the plain meaning of "dilution"; in particular, it does not suggest (let alone require) that proof of actual economic injury, as opposed to simple loss of distinctiveness, is an element of dilution.

Respondent equates Congress's definition of dilution with an "injury to the mark's selling power." Br. in Opp. 15. Congress did not use the term "selling power" in the FTDA and thus the statute itself provides no support for defining dilution in this way. But even assuming that it did, there is no basis for concluding that an injury to "selling power" presupposes an actual economic injury. Respondent cites a string of cases that refer to dilution as injury to a mark's "selling power," and contends on the basis of these citations that the Fourth Circuit is "squarely in line with accepted doctrine." *Id.* at 16. In fact, not one of these cases

required proof that the economic value of the mark had been diminished.[7]

Respondent also ignores the legislative history of the FTDA, which expressly states that dilution does not "lead[ ] to immediate injury" and draws directly on state law to explain the concept of dilution. H.R. Rep. No. 104-374, at 3 (1995). *See* Pet. 7 (discussing legislative history). Respondent offers only general assertions that the FTDA is "significantly different" from state dilution laws, and "dilution varies from state to state." Br. in Opp. 14. That is no answer at all. While the FTDA specifically addressed certain issues on which state law varied or was unclear (*e.g.*, whether dilution laws apply to non-famous marks and to situations in which there is competition between the plaintiff and the defendant), there is no ambiguity on the point at issue in this case. *No* state requires proof of actual economic harm as an element of dilution. And the language of the FTDA and its legislative history leave no doubt that a showing of actual economic injury is *not* an element of dilution under the FTDA.[8]

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[7] Respondent also denies (Br. in Opp. 16-17) that the Fourth Circuit assumed that all state dilution statutes contain "likelihood of dilution" language. But the Fourth Circuit regarded this language as "the most significant feature of [state] antidilution statutes," Pet. App. 18a, and failed to acknowledge anywhere in its opinion that not all state statutes contain such language.

[8] Respondent suggests that a narrow reading of the FTDA is justified because "a broad reading of dilution would bring us close to the constitutional edge." Br. in Opp. 14 (quoting *I.P. Lund*, 163 F.3d at 50). That language has no application to this case. The *I.P. Lund* court was concerned with a special problem that may arise under the Patent Clause of the Constitution if the FTDA is extended "to the design itself of the competing product involved." 163 F.3d at 50. No such issue is present here, and the Fourth Circuit's decision does not address the applicability of the FTDA to product designs.

Respondent also asserts (Br. in Opp. 17) that "a defendant could not constitutionally be held vicariously liable for the conjectural future acts of others based on generalized metaphors." But numerous laws rest on a legislative determination that the cumulative future effect of the actions

(...continued)

In short, Respondent has no valid answer to the arguments of Petitioner and its *amici*, which clearly demonstrate the importance of the question presented in this case.

3. In its Statement of the Case (but not in the Argument section of its brief) Respondent suggests three additional reasons for denying certiorari, all of which lack merit.

First, Respondent suggests (Br. in Opp. 4) that Petitioner's mark is not famous (and therefore is not protected under the FTDA). The lower courts found, however, that "[t]he facts reflect, and Utah does not contest...that [Petitioner] has demonstrated [that]...THE GREATEST SHOW ON EARTH, is a famous mark." Pet. App. 47a (footnote omitted); *see also* Pet. App. 5a. Respondent cannot now raise an issue that it conceded below. Moreover, Petitioner's mark clearly is famous, as other courts have held. *See, e.g.*, *Celozzi-Ettelson*, 855 F.2d at 483.[9]

Second, Respondent errs in suggesting (Br. in Opp. 5-6) that Petitioner failed even to show any "consumer association" of the two marks. The court of appeals correctly declined to rely on this argument, relying instead solely on its conclusion that Petitioner had failed to prove any "actual harm" to Petitioner's mark. Pet App. 29a. As a leading trademark scholar has concluded, Petitioner's evidence clearly shows the requisite mental association of the two marks. 4 J. Thomas McCarthy, *supra*, § 24:94. Although Respondent asserts (Br. in Opp. 10) that Professor McCarthy was "apparently unaware" that the survey showed no association of the two marks, in fact Professor McCarthy specifically concludes that the survey shows that "the

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of many private actors will cause harm, even if the actions of any one private actor are unlikely to cause demonstrable harm.

[9] Respondent also states (Br. in Opp. 5) that the U.S. Trademark Trial and Appeal Board granted Respondent the right to register its mark, without acknowledging that the Board expressly ruled that it lacked authority to consider Petitioner's argument that Respondent's mark dilutes Petitioner's famous mark. *See* Pet. App. 42a-43a.

circus slogan is diluted *by being associated with another source*." 4 J. Thomas McCarthy, *supra*, § 24:94 (emphasis added).[10]

Finally, Respondent suggests (Br. in Opp. 2-3 n.1) that this Court's recent decision in *College Savings Board v. Florida Prepaid Postsecondary Education Expense Bd.*, 119 S. Ct. 2219 (1999), provides a basis for denying certiorari in this case. Respondent acknowledges that it never asserted Eleventh Amendment immunity in the district court or the court of appeals. Even now, it raises the Eleventh Amendment issue only in a footnote to its Statement of the Case, and only as a reason for allowing a decision on the merits to stand. In similar circumstances, this Court has held that a claim of Eleventh Amendment immunity was waived. *See Patsy v. Board of Regents of Florida*, 457 U.S. 496, 516 n.19 (1982).

If the Court were to conclude that Respondent has properly invoked Eleventh Amendment immunity, the appropriate course would be to grant the Petition, vacate the decision of the Fourth Circuit, and remand the case for further consideration in light of *College Savings Board*. Because Respondent did not assert Eleventh Amendment immunity below, Petitioner has had no opportunity to develop a record on the question whether Respondent is an arm of the State entitled to Eleventh Amendment immunity. Moreover, if it were determined on remand that Respondent is entitled to Eleventh Amendment immunity, the proper disposition would be an order dismissing the case for lack of jurisdiction, not a judgment on the merits.

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[10] Respondent engages in an *ad hominem* attack on Dr. Rappeport, the expert who conducted the survey. Br. in Opp. 6-7 n.3. Dr. Rappeport is a reputable expert whose survey evidence has been accepted in other cases, *see, e.g.*, *Lon Tai Shing Co. v. Koch + Lowy*, No. 90 Civ. 4464, 1991 WL 170734, at *17-18 (S.D.N.Y. June 20, 1991); *American Home Prods. v. Procter & Gamble Co.*, 871 F. Supp. 739, 749-50 (D.N.J. 1994), and who has served as a reviewer for the Federal Judicial Center's *Reference Manual on Scientific Evidence* (1994). In this case, moreover, both courts below accepted the reliability and trustworthiness of the survey.

4. If the Court reviews the first question presented, it should also review the Fourth Circuit's denial of Petitioner's request for a jury trial. Respondent contends that, even assuming the Fourth Circuit applied an incorrect interpretation of dilution, Respondent was still entitled to summary judgment in its favor on the jury trial issue. Br. in Opp. 18. But the Fourth Circuit acknowledged evidence that Respondent deliberately adopted and used a "strikingly similar" mark "notwithstanding its knowledge of [the famous] mark." Pet. App. 36a. Under a proper interpretation of dilution, that is certainly sufficient to avoid summary judgment on the question whether the defendant acted with willful intent to dilute.

CONCLUSION

The petition for a writ of certiorari should be granted.

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No. 98-2004

IN THE

Supreme Court of the United States

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC.,

Petitioner,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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SUPPLEMENTAL BRIEF FOR THE PETITIONER

Pursuant to this Court's Rule 15.8, Petitioner Ringling Bros.-Barnum & Bailey Combined Shows, Inc., submits this supplemental brief to bring to the Court's attention the recent decision of the United States Court of Appeals for the Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*, No. 99-7149(L), 1999 U.S. App. LEXIS 20786 (Aug. 31, 1999).

The Second Circuit's decision in *Nabisco* expressly conflicts with and rejects the Fourth Circuit's decision in this case on the precise question presented for review. The Second Circuit's opinion states:

> Relying on a recent decision by the Fourth Circuit, Nabisco . . . asserts that proof of dilution under the FTDA requires proof of an "actual, consummated harm." *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999). We reject the argument because we disagree with the Fourth Circuit's interpretation of the statute.

Nabisco, 1999 U.S. App. LEXIS 20786, at *38

The Second Circuit considered two possible readings of the Fourth Circuit's "requirement of proof of 'actual dilution,'" *id.*, and flatly rejected both. Under the first reading, the Fourth Circuit's decision holds that "courts may not infer dilution from 'contextual factors . . .,' but must instead rely on evidence of 'actual loss of revenues' or the 'skillfully constructed consumer survey.'" *Id.* at *39 (quoting *Ringling Bros.*, 170 F.3d at 457, 464-65). The Second Circuit rejected any such requirement as "an arbitrary and unwarranted limitation on the methods of proof." *Id.* The Second Circuit concluded:

> To require proof of actual loss of revenue seems inappropriate. If the famous senior mark were being exploited with continually growing success, the

> senior user might never be able to show diminished revenues, no matter how obvious it was that the junior use diluted the distinctiveness of the senior. Even if diminished revenues could be shown, it would be extraordinarily speculative and difficult to prove that the loss was due to dilution of the mark.

Id. at *39-40.[1]

The Second Circuit also rejected a second, and even more demanding, reading of the Fourth Circuit's decision, which "require[s] not only that dilution be proved by a showing of lost revenues or surveys but also that the junior [user] be already established in the marketplace before the senior [user] could seek an injunction." *Id.* at *40. The Second Circuit reasoned that:

> To read the statute as suggested by the *Ringling* opinion would subject the senior user to uncompensable injury. The statute could not be invoked until injury had occurred. And, because the statute provides only for an injunction and no damages (absent willfulness), *see* 15 U.S.C. § 112 (c)(2), such injury would never be compensated. The *Ringling* reading is also disastrously disadvantageous for the junior user. In many instances the junior user would wish to know whether it will be permitted to

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[1] The Second Circuit recognized that:

> The degree of similarity of the junior mark to the senior is an obvious factor bearing on a finding of dilution. The marks must be of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior. In that manner the junior mark will lessen the distinctiveness of the senior mark.

Id. at *20.

> use a newly contemplated mark before the mark is launched rather than after. That is why Nabisco sought declaratory relief as soon as Pepperidge Farm objected. If the statute is interpreted to mean that no adjudication can be made until the junior mark has been launched and has caused actual dilution, businesses in Nabisco's position will be unable to seek declaratory relief before going to market. They will be obligated to spend the huge sums involved in a product launch without the ability to seek prior judicial assurance that their mark will not be enjoined.

Id. at *41-42. Accordingly, the Second Circuit held: "[W]e read the statute to permit adjudication granting or denying an injunction, whether at the instance of the senior user or the junior seeking declaratory relief, before the dilution has actually occurred." *Id.* at *42.

CONCLUSION

The Second Circuit's decision in *Nabisco* sharpens the conflict in the circuits on the principal question presented for review. The Court should grant review to resolve a clear conflict over the meaning of "dilution," which is "the key operative element of the [Federal Trademark Dilution Act]." *Id.* at *16.[2]

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[2] Respondent did not raise an Eleventh Amendment issue in the courts below and the record is undeveloped on the question whether Respondent is an arm of the State for Eleventh Amendment purposes. *See Patsy v. Board of Regents of Florida*, 457 U.S. 496, 516 n.19 (1982) (declining, in similar circumstances, to consider an Eleventh Amendment claim). If the Court were nevertheless to conclude that the Eleventh Amendment issue has not been waived and poses an obstacle to reaching the merits in this case, the Court should grant the petition for (...continued)

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certiorari, vacate the decision of the Fourth Circuit, and remand for further consideration in the light of *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board,* 119 S. Ct. 2219 (1999).

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No. 98-2004

IN THE
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Petitioner,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

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IN THE

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RINGLING BROS.—BARNUM & BAILEY COMBINED SHOWS, INC.,
Petitioner,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

SUPPLEMENTAL BRIEF FOR RESPONDENT

Pursuant to this Court's Rule 15.8, Respondent, Utah Division of Travel Development, submits this supplemental brief calling attention to the recent decision in *Nabisco, Inc. v. PF Brands, Inc.*, No. 99-7149(L), 1999 U.S. App. LEXIS 20786 (2d Cir. Aug. 31, 1999).

The decision of the Second Circuit in *Nabisco* does not conflict with the decision of the Fourth Circuit in this case. The Fourth Circuit held that Utah's junior mark, despite having been in the marketplace for 35 years,[1] was shown by Ringling's own survey not to dilute Ring-

[1] Pet. App. 43a (district court findings Nos. 28-30 that Utah has used its mark substantially and consistently since 1962).

ling's mark. Pet. App. 29a ("We affirm as not clearly erroneous the district court's assessment that the consumer survey evidence does not support a finding of dilution under the federal act."). Any comment of the Fourth Circuit that went to a case, such as *Nabisco*, in which the junior user sought a declaration "before going to market," [2] was therefore only *dicta*, and does not provide a basis for conflict between *Nabisco* and this case.

The approach to the new Federal Trademark Dilution Act recommended in *Nabisco* is for courts "to feel their way from case to case, setting forth in each those factors that seem to bear on the resolution of that case, and, only eventually to arrive at a consensus of relevant factors on the basis of this accumulated experience." *Id.* at *51. Here, the determinative factors were those presented by Ringling's survey. *See* Pet. App. 27a-30a (Fourth Circuit opinion); Pet. App. 55a-59a (district court opinion); Pet. 10-11; Resp. Br. 5-7. Those factors demonstrate that Utah's mark does not dilute Ringling's mark, whether under the standard of the Fourth Circuit or the approach of *Nabisco*. No other conclusion is reasonably possible from the fact that, after 35 years of concurrent use of the two marks, "[n]ot one consumer indicated he associated the phrase, 'The Greatest Show on Earth' with the phrase, 'The Greatest Snow on Earth'." Pet. App. 28a. The Fourth Circuit decision, therefore, is consistent with the recommendation of *Nabisco* that the Court rely on "those factors that seem to bear on the resolution of the case." *Nabisco*, 1999 U.S. App. LEXIS 20786 at *51.

Further, Petitioner has registered no objection to the Fourth Circuit's bypassing of the *Mead* factors, which *Nabisco* also criticized, and rejected as a fixed test.[3] In

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[2] *Nabisco*, 1999 U.S. App. LEXIS 20786, at *42.

[3] *Nabisco*, 1999 U.S. App. LEXIS 20786, at *52.

any event, the district court's opinion demonstrates that the *Mead* factors support the Fourth Circuit's decision. *See* Pet. App. 59a-67a.[4]

In view of the consistency of the Fourth Circuit's decision with the recommendation of *Nabisco* and the clear propriety of the Fourth Circuit's holding, the differences in the *dicta* of the two cases should have no bearing on the outcome of the Petition. Nevertheless addressing the *Nabisco dicta* raised by Petitioner, it is first observed that the *Nabisco* court acknowledged it was "not at all sure" what "the Ringling opinion intends." *Nabisco*, 1999 U.S. App. LEXIS 20786, at *42.

Further, and contrary to the uncertain suggestion of *Nabisco* and Petitioner, the Fourth Circuit's *dicta* did not reject "contextual factors" as a means of proving dilution and did not limit the methods of proof available to an FTDA plaintiff to "actual loss of revenues" or the "skillfully constructed consumer survey." Pet. Supp. Br. at (1). The following passage of the Fourth Circuit opinion makes that clear:

> [W]ithout attempting to chart the exact shape and course of advocacy that might prove that occurrence [of dilution], we think three general means are available. Most obviously, but most rarely, there might be proof of an actual loss of revenues, and proof of replicating use as cause by disproving other possible causes. Most obviously relevant, and readily available, is the skillfully constructed consumer survey

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[4] Since Petitioner has not objected to the Fourth Circuit's bypassing of the *Mead* factors, the first of which is similarity of the marks, and has not challenged the Fourth Circuit's inclusion of "sufficient similarity" of the marks as a consideration (Pet. App. 19a), Petitioner cannot not now advance argument on "similarity of the marks" as it attempts to do in note 1 of its Supplemental Brief.

> designed not just to demonstrate "mental association" of the marks in isolation, but further consumer impressions from which actual harm and cause might rationally be inferred. . . . Finally, relevant contextual factors such as the extent of the junior mark's exposure, the similarity of the marks, the firmness of the senior mark's hold, are of obvious relevance as indirect evidence that might complement other proof.

Pet. App. 33a. The Fourth Circuit, therefore, began by indicating that the means of proof it was about to suggest for the assistance of potential plaintiffs were not exclusive or limiting. It then suggested three means of proof, specifically allowing as one of them, "relevant contextual factors."

Contrary to Petitioner's criticism of the Fourth Circuit's *dicta*, there is no juridically acceptable reason for rejecting Congress' limitation of injunctive relief in the nebulous field of dilution to cases in which the plaintiff has proved that the junior user's mark "causes dilution." Likewise, there is no acceptable reason for rejecting Congress' limitation of damages to plaintiffs who have proved dilution and willfulness. Significantly for plaintiffs, the Fourth Circuit's opinion does recognize Congress' provision for damages to a plaintiff who demonstrates that a junior user's mark "causes dilution" and "willfully intended" to do so. *See* 15 U.S.C. § 1125(c).

The Fourth Circuit's holding is unassailable. Its *dicta* can, at the least, be included as a significant contribution to the "accumulated experience" *Nabisco* proposes as the basis "eventually to arrive at a consensus of relevant factors." *Nabisco*, 1999 U.S. App. LEXIS 29786, at *51. The most salient and inescapable implication of *Nabisco* for purposes of the Petition is that it is premature for this Court to address a comprehensive standard under the new Act before that "accumulated experience" exists.

CONCLUSION

Nabisco provides no basis for review by this Court.[5]

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[5] Petitioner is incorrect in its assertion in note 2 of its Supplemental Brief that there is some question whether Respondent is an arm of the State for immunity purposes. The district court entered as an undisputed finding of fact the following: "20. Utah Division of Travel Development is an agency of the State of Utah . . . ." Pet. App. 42a. Respondent urges denial of the Petition on the additional ground that Respondent is immune from suit under *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Bd.*, 67 U.S.L.W. 4590 (U.S. June 23, 1999).